





### Santa Fe to appeal anti-trust ruling

By Terry Dowdworth in New York

SANTA FE Southern Pacific, the US railway and property group created in a merger more than two years ago, is planning to appeal against an anti-trust ruling demanding a break-up of the railway assets of the company.

The decision by the Interstate Commerce Commission (ICC) to block the amalgamation of the railway lines has caused a furore in the transport industry and stunned the company.

It is the first time in 20 years that the ICC has turned down a large-scale merger in the industry, and Santa Fe Southern Pacific was so confident that it would be asked to make only cosmetic changes in the deal that it had begun to repair locomotives from the two constituent companies in the same livery.

Anti-trust lawyers are divided on the significance of the ICC's judgment, which comes at a time when the authorities are generally moving in the direction of a more liberal interpretation of the US's monopoly regulations.

Some argue that it may be more difficult to create larger railway groups in future, casting doubt over the proposed acquisition of the Government-owned Conrail group by Norfolk Southern to create a big grouping on the east coast. But most regard the ICC decision as an aberration which is unlikely to stop increasing consolidation in the transport sector.

Only a few days ago, for example, the Transportation Department decided to allow a proposed merger between Northwest Airlines and Republic Airlines, both operating out of Minneapolis, despite objections from the Justice Department.

In its decision on Santa Fe Southern, the ICC said that it would not accept the merger because of its "parallel" nature. Both railways operate mainly in the south-west of the US, on routes which swing down California and then across the southern edge of the Rocky mountains to Texas before heading north to St Louis and Chicago.

The company had argued for the merger on the grounds of the weak financial state of the Santa Fe line, which competes with road transport for general merchandise.

Mr John Schmidt, chairman of the new group, described the ICC decision as "in accordance with the evidence". The other elements in the Santa Fe Southern Pacific merger, a \$6.4bn (£4.3bn) deal which brought together substantial energy, natural resources and construction interests, are not affected by the ICC ruling. These parts of the two companies have already been combined.

## Tim Coone in Buenos Aires on a negotiating battle between the Government and foreign companies Argentine oil exploration plans hit by price collapse

THE RECENT collapse in world oil prices, while possibly only temporary, may nonetheless have a lasting impact on the future of Argentina's oil and gas exploration programme.

Most crucial is whether the Government is prepared to make important concessions to prospective foreign oil companies or whether it tries to ride the oil price recession in the hope of obtaining better exploration terms.

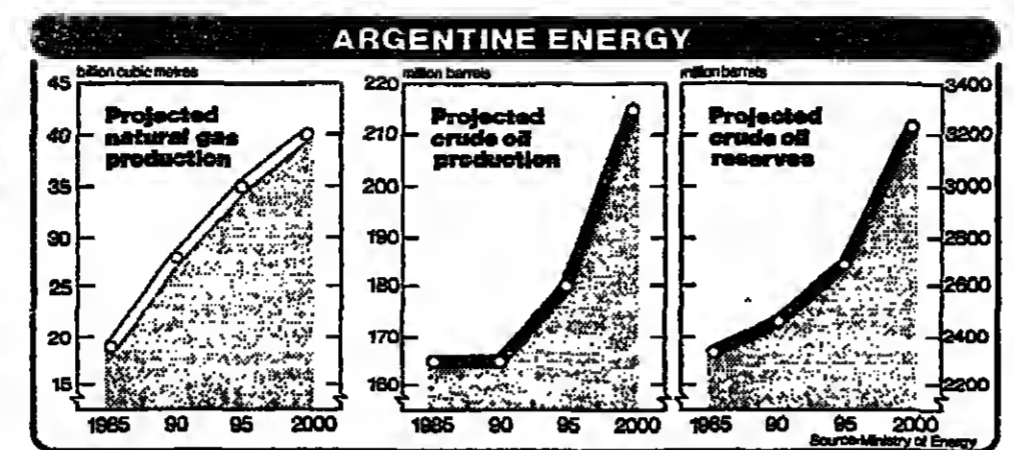
The dilemma is straightforward. Argentina's oil and gas reserves are being exhausted at twice their rate of discovery. There are no resources for the state oil company, YPF, to expand exploration, and foreign oil companies are unenthusiastic about getting involved in risky exploration contracts under present market conditions.

In March last year, President Raul Alfonsín announced a gathering of international oil industry executives in Houston, Texas, that Argentina is to be opened up to foreign investment to expand oil production.

The so-called Houston plan was seen by the country's economic planners as a method of financing the restructuring of the economy, remodelling the nation's outmoded industry and making the \$82bn foreign debt more manageable.

Speaking shortly before the launch of the first licensing round of the Houston plan last September, President Alfonsín said that the new oil policy "will constitute without a doubt, a prominent contribution to the take-off of the entire economy".

Production presently stands at 165m barrels a year of oil and 107m cubic metres of gas, making Argentina self-sufficient in oil and nearly so in natural gas. The national energy plan until the year 2000, on which the Houston plan is based, envisages a doubling of gas production as an industrial feedstock, and a 30 per cent increase in oil production. Oil exports would become an important new



foreign exchange earner. To achieve these aims, 3,000 exploratory wells need to be drilled, 18,000 development wells sunk and 800,000 km of seismic lines to be measured, an investment of \$25bn over the next 14 years.

The Houston plan was drawn up in the balmy days when North Sea crude was changing hands at almost \$30 a barrel. With prices now less than \$9 per barrel and still falling, the Government's negotiations with the foreign oil companies are under strain.

A total of 185 blocks, 15 of them offshore, are to be offered in five licensing rounds which will cover most of Argentina's unexplored sedimentary basins.

The first 39 blocks placed on offer last September attracted an offer of only \$40m of investment from a foreign consortium led by Exxon.

The closure of the second licensing round has been postponed until the end of October so that the terms of the exploration contract with the Exxon consortium can be finalised. This contract will be the model

for all the others on the remaining 133 blocks. The fall in world oil prices could not therefore have occurred at a worse time. The oil companies are driving a hard

bargain which would produce benefits for them when the oil price rises once again. If Government remains adamant, the exploration programme will stagnate.

One foreign oil company executive said: "We are asking not only for better terms given the poor market conditions, but also for the best geological areas. It is the only way to offset the low prices." The

Agreement remains elusive for two reasons. Firstly, YPF, the nominal owner of any crude oil extracted, is proposing to pay the extracting company in dollars, crude or refined products, at YPF's discretion.

The companies are insisting that payment be in either dollars or crude as the market for sub-products is very poor. Secondly, YPF reserves the right to declare a discovery commercially viable and then to take up to a 50 per cent share in its development.

Mr Otero is not prepared to be pressured into conceding the low risk areas, or areas it already has under production, to foreign companies and rejects their arguments based on low world oil prices.

The big oil companies take a longer term view of prices. They know the prices will go up again," he says. YPF is prepared to give up areas it has abandoned or in which it has no plan of action, but not the areas it already has under production.

Everything now hinges on the Exxon negotiations. Despite the differences, Mr Otero remains confident. "In four to five years exploration will be taking place in practically all the parts of the country that have not yet been explored," he predicts with a disarming confidence.

Private optimism is not shared by private oil industry executives unless better terms are offered and the companies are in no rush to make compromises. After all they can afford to wait, and they know Argentina cannot.



Alfonsín—hopes dashed

### The Houston plan was drawn up in the balmy days when N. Sea oil was almost \$30 a barrel

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### Subsidised US wheat sales 'will hit' debt repayments

ARGENTINA has warned that the sale by the US of 4m tonnes of subsidised wheat to the Soviet Union would "affect" the country's capacity to pay its foreign debt, writes our Buenos Aires correspondent.

Until recently the Soviet Union has been the biggest customer for Argentina's grain exports, a position achieved following the US embargo on grain sales to the USSR following the latter's invasion of Afghanistan in 1980.

Grain exports comprise between 40 and 50 per cent of Argentina's total exports each year and are a critical factor in producing a substantial trade surplus (\$4.6bn in 1985) with which Argentina services its foreign debt now in excess of \$50bn.

Mr Mario Brodersohn, the Finance Minister, said Argentina's trade surplus would reach \$3bn this year "with difficulty". A further warning has been made by Mr Lucio Reca, the Agriculture Minister, who said that the US wheat sales may also undermine Soviet agreements to buy 4.5m tons per year of other grains, mainly maize and soya, from Argentina.

Mr Brodersohn said it did "not make economic sense" for the big creditor countries to simply transfer the errors in their economic policies to the debtor countries. Argentina's priority in future negotiations over its foreign debt would therefore focus "not on greater indebtedness through new international loans but on concessions in the interest rates," he said.

### Peru debt moratorium extended for three months

THE PERUVIAN government is extending for three months a moratorium on repayment of the principal of an estimated \$1.4bn (\$3m) owed to private foreign banks, Reuter reports.

The public sector has not repaid any principal on its medium and long-term debt to private foreign banks since March 1983. The last rollover announcement on May 7 postponed repayment until August 4 this year.

A presidential decree published at the weekend in the official gazette unilaterally rolled over principal until November 4, 1986, and set a ceiling it would pay on interest on the loans.

President Alan Garcia said last week his year-old government paid only \$25m on its medium and long-term debt owed to 280 or so private foreign bank creditors. Peru has arrears of over \$500m in interest on that debt, estimated at \$3.5bn, bankers said. It has been current on interest on its short-term trade debt of about \$1.05bn to private banks.

Creditors could capitalise any unpaid interest in negotiations with private foreign banks, the decree said. The decree also set ceilings on maximum interest rates on debt repayments.

On medium and long-term debt it fixed a ceiling of 1.75 per cent above the London Interbank Offered Rate (Libor), a widely used benchmark in international borrowing.

Peru would pay a maximum of 1.25 per cent above Libor or 1 per cent above the US prime rate on short-term working-capital credits, which officials say is worth about \$800m.

The decree set no ceiling on interest payments on short-term trade-related credits worth about \$250m.

Peru has a total foreign debt of about \$14bn, the sixth biggest in Latin America.

### Republican claims support for Reagan third term

BY REGINALD DALE, US EDITOR IN WASHINGTON

MR Guy Vander Jagt, a leading Republican Congressman from Michigan, claims to have detected "a groundswell of popular support" for a plan to persuade President Ronald Reagan to run for a third term.

There is as yet no sign, however, that Mr Reagan, or perhaps more importantly his wife Nancy, favours the suggestion.

Mr Vander Jagt, who is chairman of the National Republican Congressional Committee, says Mr Reagan is one of the greatest American Presidents of all time "and I want to keep him on the job." Democrats, and even some of his fellow Republicans, have cynically dismissed his proposal as at best unrealistic, but nevertheless a great fund-raising idea.

If he is as serious as he claims to be, Mr Vander Jagt faces a stiff obstacle course. First, he has to persuade two-thirds of both Houses of Congress to vote for repeal of the 22nd amendment to the constitution, which stipulates that nobody can be elected Pres-

ident more than twice. Alternatively, he could try to get two-thirds of the 50 states to call a constitutional convention to do the job. In either case, three quarters of the states would have to ratify the reform.

Mr Reagan has said that he favours repeal of the amendment, which dates from 1951, on the grounds that the people should be free to choose their president without restrictions. He has also, however, been careful to say that he would not back a repeal attempt that applied to himself. Leading Democrats say that they would agree to the reform in principle.

On political trips around the country recently, Mr Reagan—already, at 75, the oldest president in history—has been greeted by the cry of four more years, "an echo of his 1984 campaign."

The cynics, however, have noted that Mr Vander Jagt's repeal petition, circulated to 300,000 people was accompanied by a fund-raising request for at least \$20 a head.

### Caribbean leaders think again of forming a political union

BY CANUTE JAMES IN KINGSTON

TWENTY FOUR years after the first effort collapsed under the weight of emergent nationalism and petty parochialism, political leaders of the English speaking Caribbean are again contemplating a workable political union of their small states.

Like the ill-fated West Indies Federation which was created in 1958, and which fell apart four years later, thought of a new political union is being fuelled by general acceptance that the small Commonwealth Caribbean states need a common political umbrella to strengthen their effort at economic co-operation being attempted through the Caribbean Economic Community.

"Let us get together and stop being mere villages and become one big nation capable of representing in the world," Mr Vers Bird, Prime Minister of Antigua, says in support of a new federation. "When we lump all our territories and population together no one will be able to consider us as mere specks on the map."



Mr James Mitchell—in favour of union

towards a political union to be formalised by 1995.

But even in the eastern Caribbean, as in the larger and economically better endowed states such as Jamaica and Trinidad and Tobago, the ghost of the late federation continues to haunt. "The people must, in fact, want this to happen," says Miss Eugenia Charles, Prime Minister of Dominica. "The people not even at the time of the federation, knew enough to want it. I do not think it could be a reality now. I think we have missed the boat."

Guyana was not a member of the federation, but Mr Desmond Hoyte, the President, says a new political union is not impossible. He warns however that "We will have to proceed in a patient and methodical way to secure its popular acceptance."

Government officials and diplomats in the region are united in the belief that a new political union would have to overcome the very problems which caused the death of the last—strong nationalist tendencies which have increased since political independence, reluctance of political leaders to be seen to be diluting any of their sovereignty, and widely divergent views of fundamental matters such as economic and foreign policy.

There is, however, little problem in fashioning the structure of any political union. At the Caribbean Community summit in Guyana last month officials of governments which support and which are wary of a new union said any new federation could follow the format of the previous effort, with a federal capital in a member state and federal parties which would provide members of a federal house of representatives. The problems which could overtake a new political union, according to Sir Lynden Pindling, Prime Minister of the Bahamas, are evident in the effort of the Caribbean community to co-operate on economic matters.

"It is difficult now to get a consensus on resolving outstanding economic matters. Economic integration and ultimately political integration is further down the road than many politicians will admit. It is not immediately probable."

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OVERSEAS NEWS

South African airliners leased as traffic falls

By Bernard Simon in Johannesburg

SOUTH AFRICAN Airways has disposed of a fifth of its fleet in response to a sharp downturn in tourist and business traffic. The state-owned airline confirmed yesterday that SAA has leased eight of its 40 aircraft, including three Boeing 747s, three Airbus and two Boeing 737s, to other carriers and international aircraft brokers. Lessees include Air Mauritius, Lan Chile and the Canadian airline, Wardair. The SAA denied reports that the airline has sold aircraft and declined to comment on a spate of rumours concerning its plans to circumvent a possible ban on landing rights as part of sanctions to be imposed by western governments. The airline is said to have detailed contingency plans to cope with a ban on landing rights. Officials often boast of the way SAA managed to circumvent an over-flying ban imposed by black African countries in 1963 without missing a single flight. SAA has overcome the over-flying ban by rerouting its aircraft around the western "bulge" of Africa. Current speculation suggests that the airline will obtain the co-operation of other southern African carriers to circumvent curbs on landing rights. British Airways has applied for landing rights in Gaborone, capital of Botswana, apparently as a precaution against an interruption of flights to Johannesburg. The recent slump in traffic has already forced SAA to cut back its international schedules. Flights to the US have been trimmed from five to three a week. One of the airline's daily flights to London will be suspended at the end of the present holiday season. Weekly flights to Brussels will be temporarily withdrawn at the end of October. The airline has also closed offices in Melbourne and Auckland. Two men were killed and two seriously injured in what was described as an industrial accident last weekend at South Africa's top-secret nuclear facilities at Pelindaba on the outskirts of Pretoria. The chairman of the Atomic Energy Corporation (AEC), Dr Wynand de Villiers, said the

Philippines president names 19 generals

By Samuel Senocron in Manila

PRESIDENT Corason Aquino named 19 new generals in the Philippines yesterday. The 250,000-armed forces in what is widely seen as a move to consolidate his hold on the fractious military. He had already spent several weeks criss-crossing the country and monitoring the political scene. "I think I am now confident of winning a two-thirds majority," he told a news conference after announcing that parliament had been dissolved a full year ahead of its five-year term. Many thought his confidence was misplaced. As it turned out, the 10-year-old youthful-looking and hunt-talking medical doctor from Keshik state had diagnosed the Malay psychology and mood so accurately that the election has paid him handsome dividends. Final results showed the 13-party National Front group winning 148 of the 177 parliamentary seats, conceding only 29 seats to the opposition and independents. The performance almost equaled its record victory in the 1982 elections when the Front won 132 of the then smaller parliament of 154 seats. The Front also swept all the legislative assemblies of the 11 West Malaysian states. Mahathir's victory delivered a crushing blow to

Wong Sulong in Kuala Lumpur on the Malaysian premier's election victory Mahathir victory brings unity no closer

WHEN Dr Mahathir Mohamad, the Malaysian Prime Minister, called a meeting of his National front coalition partners on July 18 to tell them of a snap general election, he was taking a calculated risk. He had already spent several weeks criss-crossing the country and monitoring the political scene. "I think I am now confident of winning a two-thirds majority," he told a news conference after announcing that parliament had been dissolved a full year ahead of its five-year term. Many thought his confidence was misplaced. As it turned out, the 10-year-old youthful-looking and hunt-talking medical doctor from Keshik state had diagnosed the Malay psychology and mood so accurately that the election has paid him handsome dividends. Final results showed the 13-party National Front group winning 148 of the 177 parliamentary seats, conceding only 29 seats to the opposition and independents. The performance almost equaled its record victory in the 1982 elections when the Front won 132 of the then smaller parliament of 154 seats. The Front also swept all the legislative assemblies of the 11 West Malaysian states. Mahathir's victory delivered a crushing blow to

Islamic fundamentalism as a political force in the country. The Party Islam, which most observers had expected to make significant gains, secured only one seat. It won 18 per cent of the total votes polled however and cannot be totally discounted. "The Malays have been torn between race and nationalism on one hand and Islam and its universal values on the other," noted a prominent Malay academic. "But the overriding factor is their fear and obsession about how to deal with the large and threatening Chinese population in their midst. The election results clearly show the Malays going back to their racial roots when it comes to dealing with the Chinese." Apart from the humiliating defeat of the Party Islam the most disturbing trend in the polls is the sharp racial polarisation among the Chinese. As the Malays stood firmly behind the dominant United Malays National Organisation within the National Front, the Chinese expressed their frustration over the Government by voting for the opposition Democratic Action Party. The DAP almost trebled its parliamentary representation to 24. The main victim of this protest vote was the Chinese



Datuk Musa Hitam—unlikely to challenge



Mahathir—confidence handsomely rewarded

Razaleigh, the Trade and Industry Minister (or a partnership of the two) must be removed. How Dr Mahathir intends to use his enormous mandate is crucial to the future of this South-east Asian nation of 16m diverse people. It would be unwise for him to assume that his victory provides a vindication for all his controversial economic policies. The commodity prices on which Malaysia depends for 30 per cent of its foreign exchange are unlikely to improve for many years to come. A tough budget is almost a certainty. The 20-year-old New Economic Policy, a centrepiece of the Government's efforts to upgrade the Malay's economic status, established in 1960. Political decisions will have to be made soon over whether to end or extend it, with all the repercussions involved. Business confidence is currently low and the top priority must be to attract foreign investment which will not come unless the NEP is greatly modified or dropped, while national unity remains more elusive than ever. It will remain so, as long as the authorities persist in stressing racial differences rather than common Malaysian values.

Guerrillas claim sabotage of Beira oil pipeline

By Jim Jones in Johannesburg

THE OIL pipeline linking the Mozambican port of Beira with Zimbabwe has been sabotaged and put out of action "for a long time," according to the Mozambican guerrilla organisation, the MNR. Mr Jorge Bonifacio, the MNR's spokesman in Lisbon, said at the weekend that the pipeline had been attacked to press Zimbabwe to remove its troops from Mozambique. Zimbabwean soldiers have been operating in Mozambique for over a year at the request of the country's Fretilim government, both to protect the railway and pipeline linking land-locked Zimbabwe with the Indian Ocean port of Beira and to support the government in Maputo against the MNR. The MNR has received considerable military and logistic support from South Africa, though this was supposed to have ended with the signing of the Nkomati Agreement in March 1984. Sabotage of the pipeline leaves Zimbabwe almost entirely reliant on South Africa's ports and railways for its oil imports and it came only two days after South Africa itself had introduced a licensing system for imports from Zimbabwe. South African officials say that the licensing regulations are neither intended to prevent Zimbabwean imports from entering the country nor as retaliation for Zimbabwe's support for economic sanctions against South Africa. Almost half Zimbabwe's manufactured exports go to South Africa.

Australian voters signal disillusion with Hawke

By Emilia Tagaza in Canberra

THE FIRST concrete sign of public disillusion with the government of the Australian Prime Minister, Mr Bob Hawke, emerged during the weekend. A poll conducted by the Sydney Herald newspaper showed a massive swing against the Labor Party. The Federal Treasurer and Sydney party-machine man, Mr Paul Keating, yesterday admitted that the planned severe cuts in welfare and health spending had affected the election results but that they would not change the Federal Government's austere economic policies. "This is the very time when any demerit from those policies would cause worse problems for the country," he said. The poll indicates that voters are disillusioned with the government's economic policies. "Australia must adjust to its diminished trading circumstances, and people cannot have it the way they used to have it," he added. The swing against the Labor Party was 23 per cent in Bass Hill and 16 per cent in Rockdale, conceded to be the biggest in electoral history in the state of New South Wales. The Rockdale result is especially disastrous, having been contested by the state Premier, Mr Barrie Unsworth, the new party front man in the state. Mr Unsworth was expected to win by a very narrow margin. Meanwhile, as the Government prepares the 1986-87 budget to be announced on

Bank acts to boost economy

By Our Manila Correspondent

THE Philippines Central Bank cut the amount of reserve requirements banks must maintain against short term deposit liabilities by one percentage point at the weekend. The move was designed to help spur growth in the economy this year. Most businesses, which took effect yesterday, reduce the reserve requirement from 22 per cent to 21 per cent, free close to P200m (€34.2m) in additional loanable funds to the banking system. As a result, lending rates, which have gone down to the level of 15 to 16 per cent from a peak of 49 per cent last year, are expected to fall further. The reduction, the second made by the Government of President Corason Aquino since assuming power in February, pursues expansion in money supply which Mrs Aquino contended was the key to assure growth of at least 14 per cent in the economy in 1986. The Aquino Government's expansionary monetary policy was approved last week by the International Monetary Fund during negotiations in Manila in connection with the Philippines' request for a new stand-by programme in the next 18 months. The programme, which calls for a financing package of about US\$500m from the IMF, allows the Philippines to expand money supply by 20 per cent and to go into deficit spending equivalent to as high as 4.4 per cent of the gross national product in 1986. Commercial banks, which are generally awash with cash, hope to increase loans to clients as a result of a fall in interest rates. Most businesses, however, have shied away from commercial borrowings in view of a highly unstable political and economic environment arising from Mrs Aquino's inability to make firm decisions despite broad powers she enjoys under a revolutionary form of government. President Aquino has asked the central bank to draw up rules to allow foreign financial institutions to convert their credits to the Philippines to equity investment. The presidential palace said, reports Reuter from Manila. Mrs Aquino told the Central Bank to prescribe terms and conditions that will secure the holders of such obligations to invest their proceeds in local enterprises. She issued the order on July 24 but it was made known only yesterday.

Thai parliament in first session

By Our Bangkok Correspondent

THAILAND'S newly-elected parliament held its first session yesterday at nearly 100 demonstrators rallied outside to protest against the nomination of Gen Prem Tinsulanonda for another term as Prime Minister. AP reports from Bangkok. The demonstrators, mostly students, held up posters denouncing the political parties of "betraying the people" by promising to select an elected representative and then later nominating Gen Prem, who did not run in the election, for another term. The Prime Minister's cabinet and other economic ministries are now working on a series of policies that are expected to be announced in stages by the end of this year. "So far there has been a series of liberalisation steps designed to ease industrial licensing and introduce fiscal reform," says a senior official. Much more lies ahead. Perhaps the most important measure so far is the revision of the Foreign Exchange Regulation Act (FERA) of 1973, which could lead to a brand new foreign investment policy offering major attractions to foreign companies. FERA is now nearly 15 years old and there is a growing

Bush warns Egypt of problems over aid

By Tony Walker in Cairo

MR GEORGE BUSH, the US President, has warned Egypt of difficulties standing in the way of US help over its financial crisis. Mr Bush, speaking at a meeting with President Hosni Mubarak, said he had told Egypt's leader that US ability to help was constrained by pressure on Washington's foreign aid budget. Egypt wants the US to increase the cash component of the approximately \$1bn in civil aid it provides each year. The Egyptians are also seeking interest rate relief on a large military debt to the US, totalling about \$4.5bn. "I wasn't in a position to make any commitments on these different problems at this point," Mr Bush said after a

Israel renews offer on W Bank autonomy

By Andrew Whitley in Jerusalem

THE ISRAELI Government has launched another drive to try to persuade moderate, pro-Jordanian Palestinians in the occupied territories to participate in a limited form of local autonomy. The move comes on the heels of last month's meeting between Mr Simon Peres, the Israeli Prime Minister, and King Hassan of Morocco. It also coincides with the announcement in Jordan of an ambitious \$1.3bn (£372m) development plan for the occupied West Bank region. The first step in the new Israeli initiative was a rare public meeting on Sunday between Mr Peres and a group of 25 prominent individuals from the West Bank and Gaza Strip. Most of those who attended were mayors or businessmen known for their Jordanian links. At the meeting, the Prime Minister outlined new, though still modest, proposals for the devolution of authority to local Palestinians. Among the proposals on offer to the 1.4m residents of the occupied territories was the right to choose their own town mayors, regarded as potential key figures in Israel's search for negotiating partners among the Palestinians. How they would be chosen was not specified. Mr Yitzhak Rabin, Defence Minister in the National Unity Government and the man

UK bases in Cyprus on alert

By Andrew Whitley in London

THE British sovereign bases in Cyprus were on full alert yesterday following Sunday's rocket and mortar attack on the Akrotiri Royal Air Force station in the south of the island. At both Akrotiri and Episkopi Cantonment nearby, as well as Dhekelia, in the south east, all access roads were blocked off by armed checkpoints. Patrols were mounted, and all leaves cancelled. Police now believe the attack on Akrotiri was launched by two or three groups from sand dunes about a mile from the base perimeter. Rockets and mortars landed in the wind surfing club, while others fell in the market square at the sport area of Akrotiri. Two women sustained minor injuries and a building was damaged. A previously unknown Arab group, the "United Nasser" Organisation, claimed responsibility for the attack in a message delivered to a Beirut newspaper. The pro-Libyan group indicated that the attack was partly in retaliation for the US air raids against Libya last April, even though the British authorities made it clear at the time that Akrotiri had not been used by the US bombers. The Cyprus Government issued a statement condemning the attack on the British base and stressed that such acts of violence, irrespective of the identity and the motives of the culprits, inevitably had adverse consequences for Cyprus and its people.

K. K. Sharma charts the response to India's more liberal approach to the economy Gandhi sets pace for new industrial attitudes

By Our New Delhi Correspondent

"THE EUPHORIA of 1985 is over," observes Mr Tarun Das, executive director of the Industrial Association of Indian Engineers, "but industrialists are viewing Mr Rajiv Gandhi's measures to liberalise the Indian economy. Yet he acknowledges that the liberalisation was long overdue and has set the stage for a growth that could be unprecedented. His view is widely shared by Indian businessmen, many of whom are now engaged in a constant dialogue with Mr Gandhi, the Prime Minister, and his Finance Minister, Mr V. P. Singh, who holds an "open house" every Tuesday for discussions. Businessmen, who just two years ago found it difficult even to meet junior officials, now tend to expect further measures and policies to improve the business and investment climate. "We will get a new industrial and economic environment by 1987," predicts Mr Anwar Krishna, a senior director of Widia India, an Indo-German engineering company. The enthusiasm is not misplaced. The Prime Minister's cabinet and other economic ministries are now working on a series of policies that are expected to be announced in stages by the end of this year. "So far there has been a series of liberalisation steps designed to ease industrial licensing and introduce fiscal reform," says a senior official. Much more lies ahead. Perhaps the most important measure so far is the revision of the Foreign Exchange Regulation Act (FERA) of 1973, which could lead to a brand new foreign investment policy offering major attractions to foreign companies. FERA is now nearly 15 years old and there is a growing

TRADE GAP WIDENS BY 50%

By Our New Delhi Correspondent

INDIA'S trade gap soared by more than 50 per cent to a record Rs79,512m (€4.3bn) in 1985-86 compared with Rs52,377m in the previous year because of a sharp rise in imports and a fall in exports, K. K. Sharma writes. Figures announced by the Commerce Ministry show that total imports rose to Rs123,770m compared with Rs170,922m in 1984-85. Exports fell to Rs104,258m from Rs155,555m in the previous year. Exports fell mainly because

Manufacturers of capital goods...

Manufacturers of capital goods who have been hurt by the relatively easier import of some key items and changes in import policies that make Indian goods uncompetitive, are in the lead. Officials admit that a serious test of the Government's merit will come when hundreds, even thousands, of companies find they are forced to close down, producing a major political test for the Prime Minister. No government has yet been able to face this challenge—the "sick" way of dealing with "sick" enterprises is somehow to keep them alive. Officials claim that there is every intention of allowing "sick" units to die rather than reverse liberalisation. One way out that is being examined is creation of a Bureau of Industrial Finance and Reconstruction (BIFR) that will help the process of mergers and take-over of "sick" units by healthy ones. Many other snags remain. An important one is that the enthusiasm for liberalisation and reform is limited to only parts of the Government machinery. The Prime Minister's Secretariat and segments of the Finance Ministry. Reforms are still overdue in such key sections of the Government as the Commerce Ministry (which supervises the country's trade) and departments handling crucial sectors like power and transport. Officials admit that the measures taken so far will take time to have effect and that the necessary attitude will never be pervasive. Yet so far, as many as 46 liberalisation decisions have been taken since Mr Gandhi became prime minister in January 1985 and these are said to be just a beginning.

Another such change is the requirement to rotate auditors...

Another such change is the requirement to rotate auditors. It is now recognised that the established long-term relationship between companies and auditors, often as valuable financial advisers. Managerial salaries, at present limited by Government regulations to a maximum of Rs 7,500 monthly for a managing director, are also likely to be reformed. Government employees are soon to get substantial pay increases in accordance with the recommendations of a commission. Limits on managers' pay are also likely to be raised in keeping with inflation and modern standards of living. Another area to be tackled by the government is labour relations, in an attempt to improve productivity and introduce a productivity-linked pay structure. Reforms on this front will probably be the most difficult to introduce. Mr Gandhi's liberalisation measures have been widely hailed by some businessmen, but those used to a sheltered and large domestic market that has now been opened to foreign competition are grumbling.

# S Africa to review construction of five coal power stations

BY BERNARD SIMON IN JOHANNESBURG

ECONOMIC and political uncertainties have forced South Africa's Electricity Supply Commission (Escom), one of the world's biggest customers for power generating equipment, to review construction of five large coal-fired power stations.

An Escom official said that "very delicate" negotiations are currently underway with European, US and South African suppliers and other interested parties. Decisions on the future of the power stations will be made before the end of the year when the cost of electricity is expected to rise sharply.

One European supplier of boilers confirmed that estimates of the costs of deferring or cancelling orders were due to be submitted to Escom last Friday. The total cost of the five stations, which are located near the Transvaal and Orange Free State coalfields, is R17.5bn at 1985 prices. Each station is designed to generate 3,000 megawatts of electricity from six sets of 600 MW each.

Steenmiller of West Germany is contracted to supply boilers for two of the stations, while GEC of Britain and a consortium of Brown, Boveri and West Germany's MAN each have two turbine generator contracts. Other key contractors for the five stations include Babcock and Wilcox and Combustion Engineering of the US, and Kraftwerk Union of West Germany.

# Reagan move on imports takes Taiwan by surprise

BY BOB KING IN TAIPEI

TAIWAN seems to have been taken by surprise by President Ronald Reagan's invocation of special powers that allow him severely to penalise or even ban imports of Taiwanese products to the US.

The White House announced at the end of last week that it was invoking Section 301 of the 1974 US Trade Act against Taiwan because it had failed to implement by July 1 the terms of a 1983 agreement.

Taiwan trade and finance officials played down the US move, saying it resulted from a "misunderstanding" on the part of the US which would be cleared up during current trade talks.

But other officials said Taiwan had committed "a gross error" in its failure to implement the accord on time.

Section 301 empowers the President to take action against unfair trading practices. These could include stiff penalties against goods from the offending countries or in extreme cases, bans against importation of certain goods.

At issue is Taipei's continued use of a valuation table rather than the declared price of imports to Taiwan as a basis for assessing tariffs.

The US maintains that such a table inflates the prices of imported goods, making them non-competitive in the Taiwan market.

The US says Taiwan agreed to drop the tables in a bilateral accord signed in late 1978 as the US prepared to sever formal diplomatic ties. That agreement was later replaced in 1981 with implementation set for January 1 1986.

Taiwan could have sought a six months extension to July 1



President Reagan

of this year but did not, the US maintains. Still the US deferred action until even that deadline had passed.

Under US law, the President decides on specific action to be taken after a two-week discussion period and an opportunity to discuss the problem with the offending party.

The US threat of sanctions comes as a Taiwan delegation heads for Washington for annual trade talks with US officials.

On the agenda is a wide range of items including the continued qualification of certain Taiwanese products for preferential tariff treatment in the US. Exports of those products to the US last year were worth more than \$3bn (£1.9bn).

The threat also signals clearly that the Reagan Administration has run out of patience with Taiwan over trade matters, which will figure very prominently as issues in the upcoming US Congressional elections scheduled for November.

# Finns win liner order

BY OLLI VIRTANEN IN HELSINKI

WARTSILA, the Finnish shipbuilding group, has won an order for a luxury cruise liner worth \$150m (£98m) from the Norwegian shipping line, Gloster Cruise. The vessel will be delivered in spring 1992.

Gloster has also an option for one identical ship. The 40,000-tonne vessel will be built at Karlskrona's Turku shipyard. It will be 212 metres long and take 1,900 passengers. Gloster will place the vessel in the Caribbean cruise market.

The Norwegian deal is the first major order for Wartsila since May when the company announced that it will join its shipbuilding division with the yards of Valmet, Finland's state-owned shipbuilding and engineering group.

Wartsila will control 70 per cent of the new company while Valmet will own the rest. The new company will commence operations at the beginning of 1987.

# Japanese in link with Portugal vehicle group

BY DIANA SMITH IN LISBON

YAZAKI of Japan, one of the world's largest manufacturers of electric cables, has linked up with Salvador Caetano, the Portuguese vehicle group, to manufacture electrical components for vehicles in northern Portugal principally for export to the EEC.

The Esc 1.7bn (£52m) investment in the new company, Yazaki-Salvatore de Portugal, is the largest Japanese investment so far in Portugal.

It marks the beginning of what is expected to be substantial growth in third-country

investment, particularly from the Far East, availing itself of Portugal's new status as an EEC member to sell more to the EEC under the label of a member-country.

Salvador Caetano, one of the country's most solid privately-owned enterprises, has long had an association with Toyota of Japan whose products it markets in Portugal.

Yazaki will hold 60 per cent of the Esc 900m capital of the new venture, which will initially create 450 jobs, rising to 1,500 jobs within five years.

# Brussels ready for new moves in pasta war

By Tim Dickson in Brussels

A SERIOUS escalation of the transatlantic pasta dispute looks more likely after the breakdown of weekend talks between Mr Clayton Yeutter, the US Trade Representative, and Mr Willy de Clercq, the EEC's external relations and trade commissioner.

Community diplomats were meeting in Brussels yesterday but the next move is likely to come from Washington, where Mr Yeutter was due to report to the influential Economic Policy Council.

The US had already threatened to step up retaliation if the dispute were not resolved by the beginning of this month.

The row began last year when the Americans, angered by EEC trade arrangements with Mediterranean countries which they saw as harmful to their citrus producers interests, increased import duties on Community pasta.

The EEC responded by raising levies on US walnuts and fresh lemons.

US officials in Brussels yesterday said they could not predict if the US would carry out its threat to step up its action but European Commission officials fear EEC whisky and wine could be among new products to be hit.

Ramie has grown to worry Washington, Anthony Moreton writes

# Why one fibre tied up US team

NOTHING CAUSED more discussion among delegates to the Multi-Fibre Arrangement (MFA) talks which were concluded in Geneva last week than the US insistence that all fibres should be included in the extended accord.

Hour after hour Mr Charles Carlisle, the chief US negotiator at the talks, refused to budge from the US position that all fibres should be in the new protocol to the MFA.

Many delegates became accustomed to long silences from the American team, as they sought explanations and exemptions.

In the end, the US won. MFA 4, which will run until the middle of 1991, will cover not only cotton, wool and man-made fibres, such as nylon and polyester, but also ramie, linen, silk, jute, sisal, coir, abaca, manny and bequeen.

Of all these, it is ramie which matters. Yet nowhere in the 28 points of the extension to the protocol does the word actually appear.

The protocol merely acknowledges "the concern of some importing countries regarding substantially increased imports of textiles made of vegetable fibres."

The reason why the US should be so concerned with ramie is obvious from its trade figures. Last year the US imported 2.77bn square yards of fabrics

made from fibres, largely ramie, which were not covered by MFA quotas, according to the American Textile Manufacturers Institute.

As a result of the new accord, imports of ramie to the US are likely to be curtailed.

Ramie is a very good substitute for cotton in some clothes, especially sweaters. Ever since China, the largest producer of this fibre joined the MFA two years ago, its exports of cotton have been subject to quota.

Ramie was a more than adequate substitute and one not subject to quota.

There has been a vogue in Western countries in the past few years for light-weight pull-overs, mostly made from a blend of cotton and wool, sometimes made entirely from cotton.

With cotton subject to quota, the amount of sweaters made from ramie from Hong Kong, South Korea, the Philippines, Taiwan and Macao and sent to the US has shot up.

Last year, the US estimated it had received 120m sweaters made from ramie, enough to provide one sweater for every two people in the population.

This was on top of all these made from cotton, wool and acrylic.

Until recently, ramie was a virtually unknown fibre but research has led to the development of its commercial uses.

The fibre's botanic name is Boehmeria nivea. It is a member of the nettle family and is a native of China, though there is a variety, known as rhea, which comes from Malaysia.

It has been cultivated in parts of the Far East since time immemorial, and was sometimes

growth allied to cheap Chinese labour makes it the archetypal low-cost Far Eastern fibre.

The difference between ramie and flax is that the latter is retted - that is, it is cut, allowed to lie on the ground and the fibre then parts from the stalk.

Ramie has to be mechanically processed to separate the bark and the adhering fibre, and only recently has a mechanical process been developed to allow commercial production of the fibre.

The fibre has one other great advantage over flax-linen. It is pure white which makes it a very good vehicle for dyeing, whereas flax has a hint of brown in it.

Its other attributes are that when turned into a fabric, it is easily laundered, dries quickly and becomes smoother and more lustrous with repeated washing. Nor does it fade.

The Philippines is already beginning to turn out ramie in commercial quantities, and other countries, such as Brazil and Taiwan grow it and are almost certainly considering marketing it. Its weed-like propagation qualities also means that other countries could soon start to grow it.

Given all this, it is hardly surprising that the US delegation in Geneva should have spent so much time on the one fibre.

# Recovery in French car industry confirmed

By Paul Betts in Paris

SIGNS OF a recovery in the French car industry have been confirmed by the latest French car market statistics showing a 5.6 per cent increase in French car production in the first half of this year and a 1.8 per cent rise in exports compared with the first six months of last year.

New registrations also increased by 4.8 per cent in the first half, according to the mid-year statistics of the French car makers' association.

Production in the first half totalled 1,426,057 cars while exports amounted to 803,907 vehicles. Exports increased by 14.3 per cent in the EEC area which accounted for 77.2 per cent of total exports.

Although foreign importers still hold the single largest share of the domestic market with 38.45 per cent of total registrations in the first half, their penetration slipped in June to 31.3 per cent of the market.

The private French Peugeot group gained 32.9 per cent of the market in the first half and 32.3 per cent in June.

The state-owned Renault group with 30.7 per cent of the market in the first half saw its share of the market rise to 35.3 per cent in June boosted by the recent launch of its new R21 medium-sized saloon.

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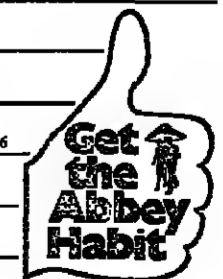
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UK NEWS

Study into future of television services

By Raymond Snoddy
THE GOVERNMENT plans to conduct a broad review of the future of broadcasting in the UK that will include cable and satellite services as well as existing television channels.

TSB flotation to proceed despite row over ruling

BY NICK GARNETT
NEXT month's planned stock-market flotation of TSB Group is to go ahead in spite of mounting embarrassment to the Treasury caused by a House of Lords ruling over the group's ownership.

BREWERS AGAIN FACE INVESTIGATION OF 'TIED' SYSTEM
Monopolies probe into beer outlets

BY LISA WOOD
SIR GORDON BORRIS, Director General of Fair Trading, yesterday asked the Monopolies and Mergers Commission to investigate the supply of beer for sale in licensed premises.

Rights issues slow to trickle

THE FLOOD of rights issues from British companies slowed to a trickle last month after the surge in June, according to figures published yesterday by the Bank of England, George Graham writes.

Privatised yard to tender for submarine

BY JOAN GRAY
THE GOVERNMENT has asked Vickers Shipbuilding and Engineering (VSEL) to tender for constructing Britain's second Trident nuclear submarine in a contract that might be worth up to £800m.

Building the Vanguard also provides jobs for another 5,000 people elsewhere in industry, said the Ministry of Defence, which will enable that level of employment to be sustained.

Innocence lost by retreat into sectarianism

AS A SMALL boy, I found it impossible to miss the excitement generated by the coming to Larne in Northern Ireland of the British Thomson-Houston turbine plant in the 1950s.

Jobs slow to grow in the Glen

By Peter Marsh
LITTLE SIGNIFICANT employment growth can be expected from the small, independent technology-based companies operating in Scotland's so-called "Silicon Glen" between Glasgow and Edinburgh.

Home Towns

Mr Tom Benson, a retired mathematics teacher, is also disappointed. After 12 years of arguing for non-sectarian politics as an Alliance Party councillor, he lost his seat last time round.

FT COMMERCIAL LAW REPORT

Trustee savings bank depositors have no right to assets

ROSS v LORD ADVOCATE AND OTHERS; TRUSTEE SAVINGS BANK CENTRAL BOARD AND OTHERS v VINCENT AND OTHERS
House of Lords (Lord Keith of Kinkel, Lord Roskill, Lord Templeman, Lord Oliver of Aylmerton and Lord Goff of Chieveley): July 31, 1986



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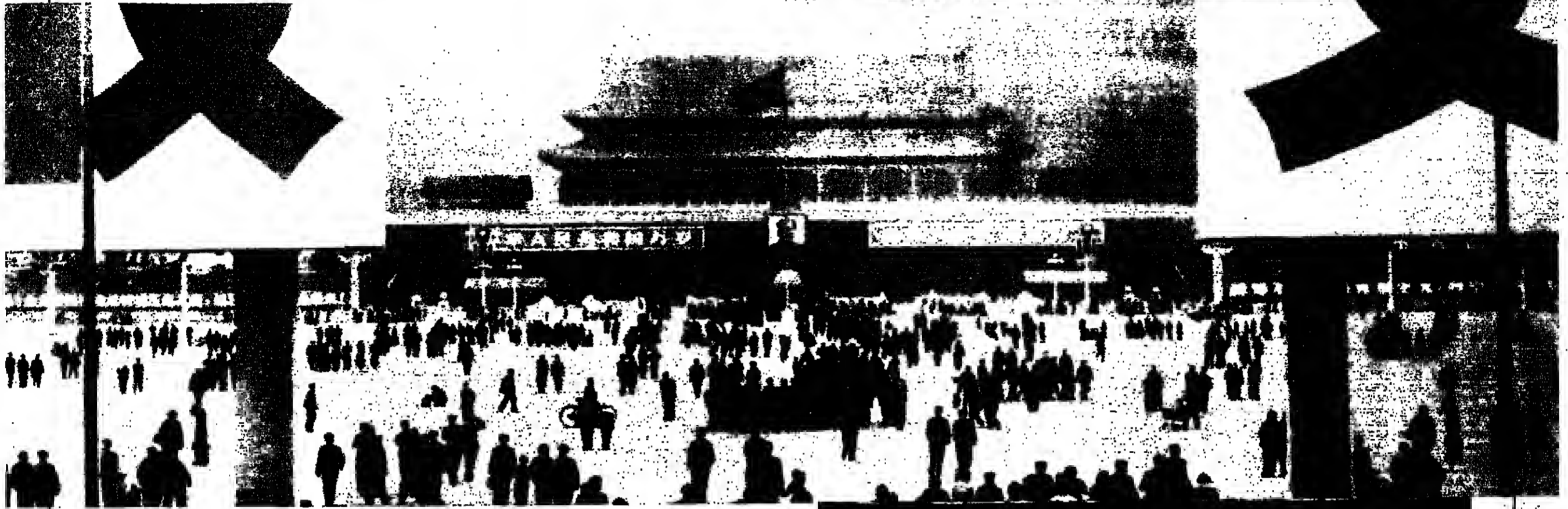
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THE ARTS

Victoria and Albert Museum/David Piper

Classical eroticism of a lost Victorian

In the present state of the art almost any subject matter may be raised into importance by truth and beauty of light and shade and colours with an...
with anxious eyes and a petulant mouth, and had left her with four small sons by 1810. She is a tantalising subject of whom little is known though a few letters from her are vivid witnesses of difficulties on both sides of the relationship.



Eloquent apprehension—detail from The Sonnet, one of the works by William Mulready in the exhibition at the Victoria and Albert Museum

colouring, but he was to develop a much more colouristic technique, glazing thin translucent colour over a brilliant white ground which illumines the whole work (and on which the pencil drawing under the paint is sometimes still visible).

Sonnet: the girl and boy sitting by a stream — she reads from the verses he has handed to her, that he has presumably composed. One hand is held to her mouth (in astonishment of embarrassment? or of delight?). He is bent forward over his body, hands clasped at ankles, head turned to watch her: a pose eloquent of shyness or apprehension but drawn with a skill that Raphael would surely have approved. Yet uncertainty of interpretation are also characteristic, as to what story the picture is telling.

Berlioz/Albert Hall

Max Loppert

Sunday's performance by the BBC Symphony under John Pritchard that the Grand Messes des morts is one of the great Prom specialties—a work for which the whole series might have been invented (and vice versa). There is something in-chauntingly thrilling about the sight of those choral ranks stretching upwards (the huge choir was here a conglomerate of BBC, LSO, and Pro Musica choral forces).

Summerscope quartets/South Bank

Dominic Gill

Quartets vocal and string, straight and mixed, were the prominent themes of the weekend's Summerscope programme on the South Bank. On Sunday, under the festival heading of "The Vocal Quartets", the Kronos Quartet shared a recital in the Purcell Room with the amplified vocal quartet Electric Phoenix.

Elisabeth Welch/Donmar Warehouse

Kevin Henriquez

Elisabeth Welch's night-cap of songs and reminiscences drawing on her remarkable career in Paris, London and New York is as pleasurable an entertainment as late-night London presently offers. In a modest, charming, always humorous way, she celebrates the master songsmiths—Cole Porter, Jerome Kern, the Gershwins et al. She delivers their work, not with the world-weary reluctance of casualness of a veteran performer, but with the eagerness and vitality of a singer finding them for the first time.



Elisabeth Welch

Among so many gems the ordinary "Bye Bye Blackbird" seems ill-suited as does Johnnie Ray's hit from the 1950s, "Such a Night". Yet Miss Welch invests even the latter with a depth and point surely not intended or visualised by its composers.

Lyudmila Semenyaka/Covent Garden

Clement Crisp

Lyudmila Semenyaka, in Friday night's performance of Raymond, had the advantage of Alexey Fadeychev as her partner. Fadeychev, a strong dancer, a clear stage personality and an excellent partner, gave the Crusader hero a sense of manly dignity—every Bolshoi dancer seems able to make a single bold arm gesture and command our respect, as he does that of the characters he addresses on stage—and provided the secure and responsive support needed by Semenyaka's lustrous dancing.

and showing with a lovely daring the charm with which this solo may be presented by a ballerina wholly mistress of her art. There is, above all, an inevitability in the dances rather than through any spurious emoting, can be seen as the summation of the role's history in Russia since the ballet's creation in 1898. From Pierina Legnani, the first Raymond, by way of such ballerinas as Marina Semenyova and Natalya Dudinskaya, the process of purification and enriching through experience has resulted in the sense as an open-air festival until August 31. The programme offers Albert Lortzing's Hans Sachs and Tullmann's little known opera Der Geduldige Sokrates, both produced by Peter Csokics and conducted by David Efron. A mainstay for many years has been the Student Prince. There is also chamber and symphony concerts. Heidelberg Theatre, 4 Theaterstr., 6900 Heidelberg 1 (0 62 21 21 70).

The Creation/Barbican Hall

Richard Fairman

The early performances of Haydn's Creation made a most interesting history. It is not certain how many performers took part at the work's premiere at Vienna's Burgtheater in 1798. (Not more than a hundred seems likely.) But within a couple of years there is evidence that the total number of participants could be 300 or even more. Authenticity can be a difficult matter to judge. At most of the members, the Academy Chorus is small by early 19th century standards. Their firm and disciplined singing, however, was one of the strongest assets in Sunday's concert at the Barbican Hall, ideal in scale for a venue where large choruses are not easily accommodated. The bass line, in particular, projects with incisive strength and their launching of the fugue in "Vollendet ist das grosse Werk" set out with great purpose.

Arts Guide

Music/Monday, Opera and Ballet/Tuesday, Theatre/Wednesday, Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Opera and Ballet

WEST GERMANY Heidelberg Festival Heidelberg's romantic castle grounds are again the scene of an open-air music festival until August 31. The programme offers Albert Lortzing's Hans Sachs and Tullmann's little known opera Der Geduldige Sokrates, both produced by Peter Csokics and conducted by David Efron. A mainstay for many years has been the Student Prince. There is also chamber and symphony concerts. Heidelberg Theatre, 4 Theaterstr., 6900 Heidelberg 1 (0 62 21 21 70).

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August 1-7. Heidelberg Festival Heidelberg's romantic castle grounds are again the scene of an open-air music festival until August 31. The programme offers Albert Lortzing's Hans Sachs and Tullmann's little known opera Der Geduldige Sokrates, both produced by Peter Csokics and conducted by David Efron. A mainstay for many years has been the Student Prince. There is also chamber and symphony concerts. Heidelberg Theatre, 4 Theaterstr., 6900 Heidelberg 1 (0 62 21 21 70).

FINANCIAL TIMES BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY

Tuesday August 5 1986

Transatlantic tunnel vision

THE INCREASINGLY ill-tempered argument between Bonn and Washington over West Germany's fiscal and monetary stance does no great credit to the good sense of either party.

The arguments, which ought to be cast in technical terms and concentrated much on economic problems, have become obscured by moralising on both sides.

Ideal conditions The fact is that the German position is paradoxical—that of the good housewife who refuses to reduce her consumption because it looks so handsome on the tree.

The principles of accounting

WITH LITTLE fanfare, the UK Treasury yesterday published what could prove to be an influential—possibly seminal—report on accounting principles.

The report, Accounting for Economic Costs and Changing Prices, decisively rejects the traditional method of historical-cost accounting, which is still supported by a majority of practising accountants.

The study is the work of a committee chaired by Mr Ian Byatt, the Treasury's deputy chief economic adviser, which includes such respected academic accountants as Prof Bryan Carlsberg, director-general of City of London watchdog, and Mr Andrew Likiernan of the London Business School.

level of corporate cash balances. These financial conditions, along with a strong current account surplus, sharply improved terms of trade and falling retail prices, provide virtually ideal conditions for expansion; but while Bonn would welcome any expansion generated within the private sector, and indeed parade it as an achievement of government policy, it argues that any official stimulus would be risky.

The arguments offered in support of this stance are not convincing. It is pointed out that wages have accelerated somewhat; but the latest output figures suggest that this acceleration is largely a result of productivity. The Bundesbank asserts that the underlying domestic inflation rate is still about 2 per cent; but this is based simply on comparing import costs with domestic prices.

The roots of the crisis, however, lay in the long smouldering resentment on the part of Christian Democrats over the pact that their party, which has one third of the national vote and has had a major role in every government for more than 40 years, should have to continue to suffer the indignity of a Socialist Prime Minister—and one who was seen to be doing well at that.

The root idea of CCA is that balance sheet valuations should reflect the current value of assets to the business. This sounds as obvious as hardy to need stating. Yet what companies routinely do is value assets at their (irrelevant) historical purchase price less some rule-of-thumb depreciation.

Proper asset valuations, of course, involve subjective judgments, as the Byatt report argues, but the measurement errors involved pale into insignificance compared with those involved in ignoring the effect of changing prices.

It has become clear recently that the non-statutory Accounting Standards Committee lacks the power to impose on companies any accounting obligations which they themselves disagree with.

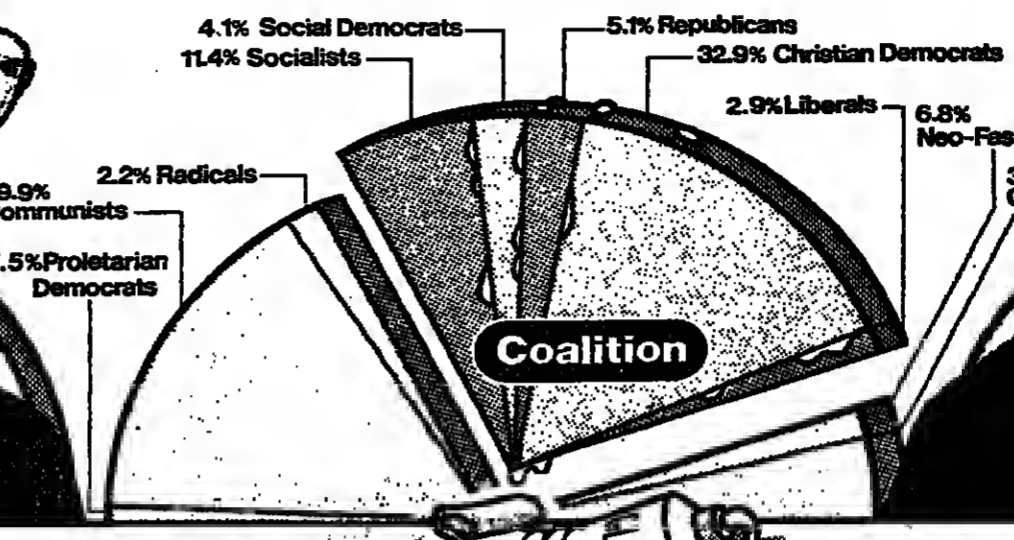


CRAXI

ITALIAN POLITICS

Anatomy of a crisis

By Alan Friedman in Rome



General Election June 1983

THERE HAVE been neither victors nor vanquished. That is the phrase being repeated endlessly these days by senior politicians in Rome now that Italy's five-week government crisis is finally over.

The phrase, which is being intoned like a Gregorian chant, is a way of saving face for both the feuding Socialists and the Christian Democrats. Their crude struggle for the Premiership—rather than any dispute over issues of substance—has been the central feature of the Rome crisis, which brought to an end the longest surviving government (three years) in the history of the modern Italian republic.

The crisis itself began as a result of a parliamentary ambush on June 26, while Mr Bettino Craxi, the Prime Minister, was in The Hague at an EEC summit. Only four minutes after the Craxi government had sworn its oaths, some 72 MPs, members of the Prime Minister's own five-party coalition, switched sides and voted against the government.

Despite all the positive-sounding rhetoric coming from Rome politicians, the resurrection of a party coalition (of Christian Democrats, Socialists, Republicans, Social Democrats and Liberals) faces a serious and immediate problem: Messrs Craxi and De Mita, despite being the leaders of the two biggest parties in the coalition, are bitter political rivals and appear to despise one another.

After June 27, the crisis quickly degenerated into a vicious slanging match between the two leading members of the five-party coalition. Political observers in Rome say the exchange of insults between Mr Craxi's party and the Christian Democrats, whose leader is Mr Ciriaco De Mita, was unusually vitriolic even by the standards of Italian politics.

The crisis took a turn for the worse when Francesco Cossiga, the Christian Democrat head of state who is meant to be above party politics, eventually chose Mr Ciriaco De Mita, the crafty Christian Democrat who was five times Prime Minister in the 1970s as Prime Minister designate.

The "July crisis" (as some Italian commentators are describing this summer's political conflict) has had two direct results: it ruptured the image of stability in Rome which had been much praised by bankers, industrialists and investors both in Italy and abroad and it reminded the five parties of the coalition that they have no realistic alternative but to co-exist if they wish to maintain a parliamentary majority which excludes the opposition Communists.

In Rome, where politicians do not like to admit that the crisis was any more than an unedifying power struggle, the emphasis is, as always, upon short-term political goals. Mr Craxi seems a happy man, for he gets to stay on at the Palazzo Chigi for another eight months.

Mr Craxi, who has certainly done more for Italy's international standing than any of his predecessors in recent years, clearly revels in being the Prime Minister. He also plays the part of the spoiler quite effectively, for without his Socialist Party's 11.4 per cent of the vote, the much larger Christian Democrats are unable to cobble together a majority coalition.

Mr De Mita, the cunning Naples-born leader of the Christian Democrats on the other hand has been looking for a hit sour in recent days. He is pleased that the Socialists have finally accepted the principle of rotating Prime Ministers, and he especially likes the idea of setting a time limit on Mr Craxi's tenure in office. But he would have preferred to have seen Mr Giulio Andreotti taking over as Prime Minister immediately.

approved formally by Parliament by the end of this week) is little more than an armed truce between political enemies. And that, according to Italian and foreign bankers and stockbrokers is a depressing political outlook for a country which is the world's seventh leading industrial economy and which is experiencing an economic boom not seen since the 1960s.

Mr Craxi, breaking with the Christian Democrat tradition of waffling compromise, has been Italy's most combative post-war leader. He slashed several percentage points of the Scelta Mobilia rate in 1982, by decree and then won a referendum on the same issue—and this has helped the downward trend in inflation levels.

In foreign policy, Mr Craxi has been active, promoting Italy's role in NATO and the EEC, seeking to expand Rome's influence in the Mediterranean and Middle East and working out new treaties with Washington which have led to closer collaboration between anti-drug and anti-Mafia law enforcement agencies. The current trial of 474 alleged Mafia members in Palermo is not a direct consequence of Mr Craxi's leadership,

but it certainly represents an important attempt by the Italian state to take on the criminal organisation. Mr Craxi also argued successfully for Italy's inclusion in the now-expanded "Group of Five" club of finance ministers and central bankers, which was touted in Italy as a mark of great prestige.

What then, are Italy's prospects in light of the package deal reached between Mr Craxi and Mr De Mita? On the business front the smash-and-grab tactics of Rome politicians may not have a deleterious effect. But the crisis inevitably has delayed action in one crucial area—reducing Italy's runaway public spending.

Italyans continue to enjoy Europe's most generous welfare state and a host of local authority programmes are lavished upon the populace by vote-buying politicians. The public sector deficit which is running at \$75m, equivalent to 15 per cent of gross domestic product. The accumulated state debt equals about 100 per cent of annual GDP.

Need to issue reams of government bonds in order to finance the deficit has kept inflation and interest rates artificially high. In this area the Craxi administration of the past three years has succeeded only in making the deficit.

Strong pill for Beecham

Bob Bauman, introduced yesterday as the chairman-elect of Beecham, is moving into one of the hottest seats in British industry.

He is not a pharmaceutical industry man. Though, Beecham is keen to stress the pharmaceutical side of its business—only to get its stock market rating up.

What then is Lord Keith, the outgoing chairman, up to? "I think having a damned good manager is more important than having a specialist," Keith says. "The City of London would like a pharmaceutical man. But Bob Bauman has a wealth of international experience, and has been involved even in such high technology. He can find out about the pharmaceutical industry very quickly."

Men and Matters

But then, as Keith remarks: "Whoever bought this company would have to buy his contract."

The young mayor of Freiburg and committed jogger (he runs in the New York marathon) has found life as culture and communications minister heavy going.

After plunging into his role as minister with great liberal zeal, Leotard has been repeatedly frustrated by Chirac to the delight of the left-wing opposition.

The young liberal minister has been forced to climb down on several occasions when the neo-Gaullist Prime Minister has overruled him on controversial issues such as France's direct broadcasting TV satellite programme, broadcasting deregulation, and the building of a new opera house at La Bastille, Paris.

Living together

Cohabitation is a spreading political virus in France. Not content with the already difficult exercise in political cohabitation between the socialist President, Francois Mitterrand, and the conservative Prime Minister, Jacques Chirac, Francois Leotard, leader of the Republican party, and the current minister of culture and communications, has been complaining about another and even more difficult cohabitation.

Leotard, who sees himself as a French Kennedy-like figure, has not been able to contain himself any longer. He recently made a public outburst against the difficulties of cohabiting on the right in France.

Shakespeare, among others, may have scoffed at a woman's reasoning—but the law rates it rather higher today.

Claire Catzour complained to the Equal Opportunities Commission about her dismissal from her job as receptionist at the Coventry night club. Her employers, F and H Entertainment, had claimed she would be unable to deal with an increase in violent customers, and replaced her with a (higher paid) male steward.

Blacklist

Subversion comes in many guises in South Africa. At the weekend, the government censors lifted a long-time ban on Martin Luther King's "Stride Toward Freedom" but at the same time slapped a ban on "Two Dogs and Freedom," a collection of essays by black children on township life and their hopes for the future.

The book's title comes from a contribution by Moggi, an eight-year-old boy, who wrote: "When I'm old, I would like to have a wife and two children—a boy and a girl—and a big house and two dogs and freedom."

Black people in South Africa have recently been given freehold property rights. They have always been allowed to marry, have children and keep animals.

Reasoned case

What sort of a Innate, asks Liberal News, would find himself out of an airplane at 2,500 ft in aid of Liberal Party funds?

The answer is the editor of Liberal News himself, Paul Sample (a name, surely) who intends to take the high jump over Goodwood airfield, near Chichester, on September 28. That is the last day of the Liberal Assembly so he should be in the right frame of mind.

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SECTION II - COMPANIES AND MARKETS  
**FINANCIAL TIMES**

Tuesday August 5 1986

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**Grumman profits tumble**

BY TERRY BYLAND IN NEW YORK

GRUMMAN, the New York-based defence and civilian vehicle group, yesterday reported a sharp drop in second-quarter earnings and disclosed technical problems on its programmes to develop the F-14D and A-6F aircraft for the US Navy which could have a "significant impact" on costs and schedules.

Earnings tumbled from \$22.8m or 75 cents a share to \$17.6m or 56 cents in the second quarter, and this year's figure includes a tax gain of \$3.4m or 11 cents from the sale of J51 systems. Sales increased from \$732.5m to \$889.4m.

For the first half, net profits were

\$38m or \$1.14 a share, against \$50.1m or \$1.65, while sales rose from \$1.49bn to \$1.7bn. Sales for the latest first half were boosted by a \$155.4m increase in the F-14D and A-6F contracts, which are being carried out on a non-profit-making basis.

The company is in disagreement with the navy over responsibilities for the technical problems on the F-14D and A-6F programmes and cannot at present determine "if, or to what extent, there will be any loss."

Grumman agreed to a no-profit contract to update the two naval aircraft, which have been in service

**American Can to sell HQ for \$170m**

By Our Financial Staff

AMERICAN CAN, the diversified US group which last month agreed to sell its packaging interests for \$370m, has now signed a contract to sell its corporate headquarters in Greenwich, Connecticut, for \$155m in cash and \$15m in notes.

The buyer is a partnership between Mr Paul Liles and Mr Jeffrey Lewis, two US property developers and consultants, and the deal involves a 625,000 sq ft (58,000 sq m) office complex and 153 surrounding acres.

The partnership will also receive an option to buy about 27 continuous acres of property in New York State for about \$2m. American Can will lease about half the office space for a 10-year period, with an option to renew.

American Can had previously announced its intention to sell the headquarters following a big restructuring.

Under Mr Gerald Tsai, vice-chairman and chief executive, the company has been moving more heavily into financial services.

American Can said yesterday that, assuming the sale is completed, it would realise an unusual after-tax gain of 40 cents per share and an after-tax deferred gain of \$2.20 per share over the next 10 years.

FRENCH CAR GROUP FOCUSES PROFITS DRIVE ON NEW LAUNCH

**Citroën puts faith in compact car**

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT, IN LONDON



Citroën AX compact

CITROËN'S drive to return to profitability has a key element - a new small car, called the AX, which the Peugeot group subsidiary will launch at the Paris Motor Show in October.

The project has cost the French group about FFr 5.5bn (\$811m) but for the money it has produced not just a new body design but also new engines and transmissions which can be used in other Peugeot and Citroën cars.

The AX, a compact, three-door, front-wheel-drive saloon, will be an addition to the Citroën range, fitting between the ancient 2CV and the Visa.

It will compete in a large and rapidly-expanding sector of the West European car market which currently accounts for about 1.9m registrations annually and takes in successful models such as the Renault 5, Ford Fiesta, Fiat Uno, General Motors' Corsa/Novra, Austin Metro and the group's own Peugeot 205.

It has been axiomatic in the motor industry in the past that "small cars produce small profits," but Mr Jacques Calvet, chairman of the Peugeot-Citroën-Talbot combine says: "Given our present financial situation, we would not launch a car unless we were pretty certain we could earn money with it."

Citroën claims that a combination of new working methods with modern manufacturing techniques will enable it to produce the AX profitably "yet offer the customer new levels of small-car quality of a highly competitive price."

Citroën expects the AX to take 6 per cent of total French new car sales in 1987-88 - which the company has set as its main priority - and by the end of next year to have captured 2 per cent of total West European registrations (including France).

By next March AX production should have reached 1,000 a day on two shifts at Citroën's revamped factory at Aulnay, between Paris and the Charles De Gaulle airport, with a further 500 a day coming

from the company's Spanish plant at Vigo.

As the productivity increases that Citroën has in train throughout its production operations continue to bite, AX output should rise to 1,100 at Aulnay and 800 at Vigo 18 months later.

Peugeot-Citroën spent about FFr 1bn to develop the AX and a further FFr 1bn at Aulnay where a fully automated body assembly facility has been installed and where most of final assembly is also completed by robots.

Another FFr 1bn went to produce a new range of engines from 954 cc (45 brake horse power) and 1,124cc (55 hp) to 1,360 cc (65 hp). Code-named TU, the four-cylinder, in-line, all-alloy engines were derived from the power units produced at Douvrin by the Peugeot-Renault joint venture company, Société Française de Mécanique.

The Peugeot group decided to develop the TU units instead of using 750 cc, two-cylinder engines from its joint venture with Fiat of Italy (from which Fiat's "Fire" engine resulted) mainly because it felt drivers - even in small cars - would want more power than the Franco-Italian joint-venture units could deliver.

However, Peugeot also admits it would have cost FFr 2bn to put the

**Safeway supporters to earn \$150m**

THE \$42m takeover of Safeway Stores, will bring \$150m to the concerns that helped put the transaction together and others involved, according to documents filed with the Securities and Exchange Commission (Sec), AP-DJ reports from Washington.

The biggest winner is the New York investment concern of Kohlberg Kravis Roberts & Co, which will get \$90m in fees for rescuing the Oakland, California-based supermarket chain from hostile suitor Dart Group, a Landover, Maryland-based discount retailer.

That compares with the \$45m fee Kohlberg Kravis earned for the \$62bn takeover of Beatrice earlier this year.

As previously reported, Kohlberg Kravis agreed to take Safeway private for \$96 a share in cash and securities.

A banking group led by Bankers Trust of New York, will get \$48m in fees for arranging \$3.5bn in bank credit for the takeover.

Morgan Stanley, financial adviser to Kohlberg Kravis and dealer manager for the tender offer for Safeway, will get \$10m.

**Hammermill rejects \$52 a share offer**

HAMMERMILL Paper will "develop alternative courses of action," following the board's rejection of the \$52 a share tender offer from an investment group led by Mr Paul Bilzerian, a Californian investor, writes Our New York Staff.

While directors of the New York state manufacturer of fine and printing papers declined to elaborate on their plans, Wall Street analysts looked for a leveraged buyout from inside the management, or a white knight rescue bid from a rival paper manufacturer.

Hammermill, describing the offer from an affiliate of Bilzerian Mack Associated as "inadequate", urged stockholders not to tender their shares as it "determined to explore and investigate a variety" of alternatives. It seeks court action to stop Bilzerian's attempt to thwart its own anti-takeover moves.

Mr Bilzerian, whose group holds 30 per cent of the Hammermill equity and claims financing commitments behind its \$900m bid offer, described Hammermill's action as disappointing.

Hammermill, the largest producer of fine writing papers in the US, earned \$37.6m last year on sales of \$1.9bn. A significant increase in profit is expected this year.

Impala said that it was in talks with the US Defence Department aimed at agreeing an arrangement which would permit KDI's defence subsidiaries to keep government contracts. These would normally be lost if control passed into foreign hands, but the establishment of a voting trust has been indicated as one solution.

KDI has other diverse interests including swimming pools and broadcasting. Net earnings for 1985 were \$9.6m on sales of \$238.8m.

**Impala Pacific to boost KDI stake**

BY OUR FINANCIAL STAFF

IMPALA PACIFIC, an Australian-controlled investment company based in Hong Kong, has given notice that it intends to wage a proxy battle to secure board dominance at KDI Corporation, the Cincinnati maker of electronics and defence-related components.

Impala, a subsidiary of Mr Bruce Judge's Ariadne Australia, said in a Securities and Exchange Commission filing in Washington that it intended this Thursday to exercise an option to acquire 19.3 per cent of KDI for US\$45m. This would boost its total holding to some 31.2 per cent.

Armchase Holdings has agreed to sell the stake to Impala at \$14.67 per share. On the New York Stock Exchange yesterday, KDI shares were trading at \$15.4, up by 5% in early dealings.

Impala told the SEC it would seek to replace the KDI board with nominees of its own. Whether it succeeds, it would, continue buying KDI shares.

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NOTICE IS HEREBY GIVEN that the Rate of Interest for the period 1st August, 1986 to 1st November, 1986 has been fixed at 6.875 per cent per annum. The Interest Amount, as defined, of US\$17.57 will be payable on 3rd November, 1986.

August 5, 1986  
 By Citicorp, N.A., Citicredit Limited, Agent Bank

**Rover to privatise information unit**

BY LISA WOOD IN LONDON

ISTEL, the information systems subsidiary of the Rover group with an annual turnover of about £50m (£74m) is to be privatised, the company told its workforce yesterday.

Mr John Leighfield, managing director of Istel, which is based in the English Midlands, told the 1,200-strong workforce that Ernst & Whinney, the independent chartered accountants, is to compile a factual report on the business. "This report will be required for the privatisation of Istel."

Last month the Rover group, formerly BL, said that it planned to raise at least £417m with the sale of Leyland Bus and shareholdings in the groups two spare parts divisions to consortiums of management and investment institutions. Shareholdings in the group's two spare parts divisions to consortia of management and investment institutions.

The Rover group said yesterday: "The statement of intention to privatise Istel is the last of what could be called a first phase of sales. When and if Istel is sold there will remain three core businesses for which there are no immediate plans for privatisation. These are Austin Rover, Leyland Trucks and Land Rover."

No details have been given for the timetable of Istel's proposed sale. Rover said: "The report by Ernst & Whinney is a very preliminary step and the method and timing of privatisation have not yet been finally determined. However, it is the Rover group board's intention to come to a conclusion as quickly as it is practicable."

Istel was formed in 1979 and used to be called BL Systems, bringing

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S.G. Warburg Securities

August, 1986

INTERNATIONAL COMPANIES and FINANCE

New Zealand issues \$500m bond

BY CLARE PEARSON

A \$500m short-dated deal was launched by Credit Suisse First Boston yesterday for New Zealand as the Eurobond market focussed its attention on today's auction of three-year US Treasury bonds in New York.

which Denmark's issue was launched. Nevertheless, prices at discounts outside the level of the total fees were quoted on both tranches, with the five-year offering bid at about 97 1/2 and the three-year issue at about 98.

National Mutual Life bids for Vamgas

By Robert Kennedy in Sydney

NATIONAL MUTUAL Life, Australia's second biggest insurance office, yesterday announced a surprise AS151m (US\$91.5m) bid for Vamgas, an oil and gas producer and explorer.

Consultants appointed to protect Columbia Trust depositors

BY ROBERT GIBBENS IN MONTREAL

BRITISH Columbia's Government has appointed consultants Clarkson Gordon receiver-manager to interests of depositors with Columbia Trust, a provincially incorporated institution which has been hit by property investment problems.

Interest in Jarvis Clark Pty, based in Johannesburg, and also a subsidiary in Mexico and sales offices in Peru, the US and Ireland.

Through a subsidiary, Power Corporation owns Montreal's second largest French-language daily newspaper and a string of smaller papers and broadcasting interests outside Montreal.

BNL acquires bank based in Sao Paulo

By Our Rome Correspondent

ITALY'S largest bank, Banca Nazionale del Lavoro (BNL), has acquired Banco Denasa de Investimento, a Brazilian bank with headquarters in Sao Paulo and branches in five other cities, from First National Bank of Chicago.

Pharmacia buys US lens maker

BY SARA WEBB IN STOCKHOLM

PHARMACIA, THE Swedish pharmaceuticals and biotechnology company, yesterday acquired Intermedics Intraocular, a Californian optical lens company, for SKr 500m (\$71.9m) as part of its strategy to become a leading optical company and compete in the US and Japanese markets.

a suitable lens-manufacturer to complement Healon.

Intermedics Intraocular has 9 per cent of the US optical lens market, as well as a marketing network in Japan. The company's sales are worth some SKr 250m and it employs about 300 staff. The company has just been given approval by the food and drug administration (FDA) to make ultra violet lenses.

decisive importance if we are to establish ourselves as one of the world's leading optical lens companies.

Pharmacia is now the world's third largest manufacturer of intraocular lenses, after Intra Ocular Labs and CooperVision. The company plans to concentrate on four areas—ophthalmology, pharmaceuticals, diagnostics, and biotechnology.

New Zealand move by ANZ

BY OUR SYDNEY CORRESPONDENT

ANZ Banking group, the Melbourne-based bank which owns Grindlays of the UK, has bid AS175m (US\$106m) for the outstanding 25.8 per cent of ANZ (New Zealand) as part of its strategy to establish an international banking operation.

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Solid gains by Linde at halfway stage

By David Brown in Frankfurt

LINDE, THE West German engineering and industrial gas group, reports substantially increased first-half sales and earnings, but the pace of growth may slow somewhat later this year.

Promet loss increased after accounts revision

BY WONG SULONG IN KUALA LUMPUR

PROMET, the financially troubled Malaysian/Singapore oil rig and construction group, reported a 2.7m ringgit increase in losses before extraordinary items before revision from 23.8 cents to 26.2 cents.

Stalemate in Voest-Alpine unit sale talks

By Our Financial Staff

TALKS BETWEEN Voest-Alpine of Austria and BSR Corporation of the US aimed at completing the sale of the firm's American steel subsidiary to BSR have reached a stalemate, Voest said yesterday.

Promet loss increased after accounts revision

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Air Liquide sets up US holding company

By Our Financial Staff

AIR LIQUIDE, the French industrial gas group, has set up a US holding company, Air Liquide International Corp, to provide easier access to financing on international capital markets.

UIC doubles first-half profit

UNITED Industrial Corporation, the Singapore detergent and property group, more than doubled net profits during the first six months of 1986.

FT INTERNATIONAL BOND SERVICE

Listed are the 200 latest international bonds for which there is an adequate secondary market.

Table of international bonds with columns for Issuer, Maturity, Coupon, and Price. Includes sections for US Dollar, Other Straits, and Convertible bonds.

# INTERNATIONAL COMPANIES and FINANCE

## Mafatlal Fine lifts profits on cotton crop

BY R. C. MURTHY IN BOMBAY

**MAFATLAL FINE** Spinning and Manufacturing Company, a cotton textile unit of India's large Mafatlal group, boosted its profits following a bumper cotton crop last year, and was also aided by the Government's new textile policy which allows the import of many items of textile machinery.

Pre-tax profits nearly tripled to Rs 22.55m (\$1.8m) from Rs 8.4m on a 13 per cent increase in sales to Rs 1.6bn in the year to March. The company paid only Rs 1.5m in taxes, leaving a net profit of Rs 21.05m. The dividend was raised to 17 per cent from 1 per cent, restor-

ing a four-year-old cut in payout. Mafatlal Fine had passed through a difficult phase in the previous four years, when profits plunged and the dividend was pruned.

Mr Arvind Mafatlal, the chairman, said that by judicious planning and improvement in product mix and quality, as well as cost reductions, the company was able to improve its performance last year.

To improve long-term prospects, the company is modernising its plant, taking advantage of cheap loans given to the textile industry by government-owned financial institutions.

## Dubai bank to buy back stake

**NATIONAL BANK** of Dubai shareholders have approved plans to buy back 12 per cent of the bank's shares held by National Bank of Kuwait, Renter reports from Dubai.

National Bank of Kuwait agreed to sell its more than 1.01m shares, which have a face value of DH 100 each, at a DH 250 premium, making the total deal worth DH 354.4m (\$96.49m).

The official stock market in the United Arab Emirates was yesterday quoting National Bank of Dubai's shares at about DH 430.

Bankers said the sale left only 2 per cent of the bank's shares in the hands of private foreign investors. The Government of Dubai is the main shareholder, but the size of its holding has not been revealed.

## Selangor earnings drop by 64%

**SELANGOR PROPERTIES** said its net group profit slumped by 64 per cent to 6.1m ringgit in the six months to April, AP-DJ reports from Kuala Lumpur.

Consolidated pre-tax profit was down only 1.7 per cent to 27.3m ringgit (\$10.2m). But two associated companies, which are involved in property investment and development, contributed pre-tax losses of 7.2m ringgit to group results, compared with 3.3m ringgit in profit a year earlier.

The company said that its Damansara town centre venture was chiefly responsible for its poor first-

half performance. Because the nine office blocks in the development were virtually all completed, expenses could no longer be capitalised and the time gap between completion and the taking up of tenancy of the buildings resulted in insufficient income to cover these expenses.

The company said Damansara would not contribute to profitability during the remainder of its fiscal year, but Selangor Properties predicted that significant contribution would come from the Damansara project when the property market picked up from current low levels.

### FT COMMERCIAL LAW REPORTS

## Litigants can seek evidence through US court

**SOUTH CAROLINA INSURANCE CO v ASSURANTIE MAATSCHAPPIJ "DE ZEVEN PROVINCIEN" NV; SOUTH CAROLINA INSURANCE CO v AL AHLIA INSURANCE CO AND ANOTHER**  
House of Lords (Lord Bridge of Harwich, Lord Brandon of Oakbrook, Lord Brightman, Lord Mackay of Clashfern and Lord Goff of Chieveley): July 29 1986

A LITIGANT is entitled to try, by lawful means, to obtain the evidence needed for his case; and accordingly, though the English court will order discovery of documents as against parties only, it has no power to restrain a party from applying to the court of a foreign country for pre-trial discovery as against non-parties if such application is lawful in that country. The House of Lords so held, when allowing appeals by Assurantie Maatschappij "De Zeven Provinciën" NV, sole defendant to an action by South Carolina Insurance Company Limited, and by Al Ahlia Insurance Company and Arabian Seas Insurance Company, first and second defendants to another action by South Carolina, from a Court of Appeal decision upholding injunctions restraining them from proceeding in the district court of the US Western District of Washington, at Seattle, for discovery of documents relating to the action.

LORD BRANDON said that a United States company, United National Insurance, reinsured risks with another US company, South Carolina. South Carolina re-insured with a number of companies in the London market, including De Zeven Provinciën, Al Ahlia and Arabian Seas.

called on those three companies to pay substantial sums under the contracts of re-insurance. They refused to pay, denying liability.

As a result South Carolina brought two actions in the English Commercial Court to recover the sums claimed. Its original intention was to seek summary judgment. However, counsel for De Zeven Provinciën indicated that a number of substantial defences would be raised, including non-disclosure on South Carolina's part.

National's underwriting agent was Pacific General Agency Inc (PGA), and the loss adjusters who investigated the claims against United National were Arthur Campbell-Husted & Co. Their principal places of business were in Washington.

The re-insurers were remote from the facts in dispute and were obliged to rely for detailed information on such documents as they could obtain from South Carolina or PGA and Campbell-Husted. After South Carolina had put forward its claims against the re-insurers, but before the re-insurers asked PGA if they could inspect documents at Seattle, PGA referred the request to its principal, United National, which consulted South Carolina's solicitors, the request was refused.

It was provided by 28 United States Code, section 1782 that "the district court of the district in which a person resides... may order him... to produce a document... for use in a foreign... tribunal... The order may prescribe the... procedure... for producing the document... before the re-insurers had served their points of defence and counter-

claims in the two English actions, they applied to the district court at Seattle under section 1782. They asked for an order against PGA and Campbell-Husted for production of documents and appearance of three named persons to give testimony by deposition.

Neither PGA nor Campbell-Husted resisted the application. South Carolina did and was given until April 29 to file an affidavit in opposition. It was to be inferred that neither PGA nor Campbell-Husted objected to producing the documents. It was only South Carolina's objection that stood in the way of their doing so.

On April 25 Mr Justice Hobhouse granted South Carolina injunctions restraining the re-insurers until further order from taking any further steps in their motion before the US court. His decision was affirmed by the Court of Appeal.

An essential difference between English civil procedure and US civil procedure was that in England discovery was limited to disclosure of documents in the power of the parties to the action, and generally did not take place until the formal pleading by both sides had been completed. In the US parties to an action could compel as against persons who were not parties, a full measure of pre-trial discovery, including disclosure of documents and the giving of oral or written testimony.

In *Commissioner of Patents for South Africa (1986)*, 88 FRD 73 Judge Newcomer said in the US District Court of Pennsylvania: "This court should not by its exercise of the discretion allowed it under section 1782 allow litigants to circumvent the restrictions imposed on its discovery by foreign tribunals." And in *John Deere v Sperry (1985)* 754 F 2d 132 Judge Garth

in the US Court of Appeals for the Third Circuit said: "A grant of discovery that trenches on the clearly established procedures of a foreign tribunal would not be within section 1782."

It was contended for South Carolina on the basis of those authorities that the re-insurers' application to the US was bound to fail.

There might be force in that contention. It was not possible, however, to decide in advance how the US court would exercise the discretion conferred on it by section 1782 in the particular circumstances of the case.

Since the hearing before Mr Justice Hobhouse the re-insurers had abandoned the intention to take depositions; the English actions were further advanced and the US judge had stayed proceedings pending the present appeal.

The question was whether the circumstances of the case were such as to give the court power to grant the injunctions.

The power was statutory. It was conferred by section 37(1) of the Supreme Court Act 1981 which provided that "the High Court may... grant an injunction in all cases in which it appears... just and convenient to do so."

Although the terms of section 37(1) and its predecessors were very wide, the power conferred by them had been circumscribed by judicial authority dating back many years. The effect was that the power to grant injunctions (subject to two irrelevant exceptions) was limited to two situations.

Situation (1) was where one party to an action could show that the other had invaded or threatened to invade a legal or equitable right of the former for the enforcement of which the latter was amenable to the jurisdiction of the court. Situation (2) was where one party to an action had behaved or threatened to behave in a manner which was unconscionable.

South Carolina had not shown that situation (1) existed. The question was whether it had shown that situation (2) existed, in that the re-insurers had acted in a manner which was unconscionable. It was difficult to define "unconscionable conduct" exhaustively, but it included conduct which was oppressive or vexatious or which interfered with the due process of the court.

The court of appeal based its decision on three grounds. The first was that the English court must retain control of its own process.

The court did not in general exercise any control over the manner in which a party obtained evidence. It might give him help by discovery or subpoena but the basic principle was that it was for a party to obtain and present the evidence by his own means, provided that such means were lawful in the country in which they were used.

It was not disputed that if PGA and Campbell-Husted, influenced by South Carolina, had voluntarily allowed the re-insurers to inspect, there would have been no interference with the English court's control of its own process.

That being so, since US law authorised an application of the kind made by the re-insurers, there was no reason why the making of such an application should be regarded as interference.

The second ground was that the civil procedure of US courts was significantly different from that of English courts and by submitting to the jurisdiction of the English court the parties must be taken to have accepted its procedure.

It was true that the re-insurers, by entering unconditional appearances to the two English actions, could be said in a sense to have accepted the procedure of the court.

But in seeking to exercise a right potentially available to them under US law they did not depart from or interfere with the procedure of the English court. All they had done was what any party preparing his case in the High Court was entitled to do, namely to try to obtain in a foreign country by means lawful in that country, documentary evidence which they believed they needed in order to prepare and present their case.

The third ground was that

## AMERICAN BARRICK RESOURCES CORPORATION

### First Half Results

- Record half-year profits
- Gold production at new high

Financial Data	1986		1985	
	Six months ended June 30 (Can \$'000's)		Six months ended June 30 (Can \$'000's)	
Revenue	43,940		10,389	
Operating income	17,885		1,978	
Net income (loss)	7,132		(220)	

Operating Data	1986			1985		
	Six months ended June 30			Six months ended June 30		
	Total Production (oz's)	Barrick's Interest per ounce (oz's)	Cash cost (US \$)	Total Production (oz's)	Barrick's Interest per ounce (oz's)	Cash cost (US \$)
Mercur Mine, Utah (1)	56,161	56,161	187	41,546	—	290
Camfilo Mine, Quebec	16,900	16,900	222	17,663	17,663	209
Remble Mine, Ontario	19,276	9,638	219	12,139	6,070	268
Pinson Mine, Nevada (2)	35,395	9,291	176	32,203	3,703	193
Valdez Creek, Alaska	5,572	826	180	3,829	885	185
Total*	130,704	92,216	185	107,380	28,321	219

(1) Acquired July 29, 1985 (2) Barrick's interest decreased from 11.7% to 9.6% December 31, 1985.

Per Share Data	1986		1985	
	Six months ended June 30		Six months ended June 30	
Cash flow from operations	Can \$0.53		Can \$0.38	
Income (loss)	Can \$0.35		Can \$(0.01)	
Common shares outstanding	19,983,325		19,177,293	

First half net income was \$7,132,000 on revenues of \$43,940,000 compared to a net loss of \$220,000 on revenues of \$10,389,000 in 1985. Second quarter net income was \$4,114,000 on revenues of \$23,758,000 compared to second quarter net income of \$783,000 on revenues of \$6,897,000 in 1985. Second quarter net income increased 37% over net income in the first quarter.

Record production of 92,216 ounces was achieved for the first half compared to production of 28,321 ounces in the first half of 1985, and average cash operating costs continued to reduce, falling to US\$195 per ounce. Production during the first half was virtually without contribution from Valdez Creek and with limited production from heap leaching operations at the Mercur and Pinson mines which do not achieve full capacity until the third quarter.

Barrick's working capital increased during the first half to a surplus of \$8,954,000 as at June 30, 1986 from a deficit of \$3,260,000 as at December 31, 1985. This increase was after capital expenditures of \$11,620,000 and resulted from cash flow generated from operations of \$11,546,000 and the completion of a \$13,867,000 mine equipment financing.

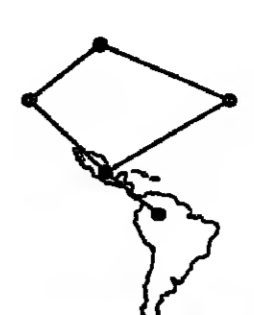
American Barrick Resources Corporation (Toronto and Montreal Exchange ABX/NASDAQ-ABXFF/Paris Bourse) is one of the top ten gold producers in North America.

Barrick has interests in five North American gold mines, which are expected to have an annual production of approximately 300,000 ounces of gold. Of this production, 200,000 ounces will accrue directly to Barrick.

Copies of the printed second quarter and first half report can be obtained in London from John Cook, Hill and Knowlton, 5-11 Theobalds Road, London WC1X 8SEL. Tel: 01-405-8755, or from the Registered Head Office, 84 Hazelton Avenue, Toronto, Ontario, Canada M5R 2E2.

This announcement appears as a matter of record only.

New Issue July 1986



## LIBRA BANK PLC

(Incorporated in England under the Companies Acts 1948 to 1967)

### £10,000,000

#### 8½ per cent. Cumulative Redeemable Preference Shares Due 2016

Placed by  
**Chase Manhattan Securities**

Financial Advisers  
**Chase Manhattan Securities Morgan Grenfell & Co. Limited**

These shares are listed on The Stock Exchange, London.

July 29, 1986

## Power Conversion, Inc.

has been acquired by

## Hawker Siddeley Group


Public Limited Company

The undersigned initiated the transaction, acted as financial advisor to Power Conversion, Inc. and assisted in the negotiations in connection with this transaction.

### Salomon Brothers Inc

One New York Plaza, New York, New York 10004  
Atlanta, Boston, Chicago, Dallas, London (affiliate)  
Los Angeles, San Francisco, Tokyo (affiliate), Zurich  
Member of Major Securities and Commodities Exchanges.

This announcement appears as a matter of record only. It does not constitute an offer to sell nor a solicitation of an offer to buy these securities.



## Vancouver City Savings Credit Union

### Can. \$50,000,000

#### 9¾% Secured Debentures Due July 30, 1991

Shearson Lehman Brothers International	McLeod Young Weir International Limited
Banque Bruxelles Lambert S.A.	Banque Internationale à Luxembourg S.A.
Daiwa Europe Limited	Genossenschaftliche Zentralbank AG Wien
IBJ International Limited	Kredietbank International Group
Leu Securities Limited	Nomura International Limited
Pemberton Houston Willoughby Inc.	Société Générale
Toronto Dominion International Limited	

July, 1986

UK COMPANY NEWS

STC recovers to £49m but still has problems

BY DAVID THOMAS

STC's programme of cost cutting and business disposal were reflected in the group reporting yesterday pre-tax profits of £49.2m...

Table with columns for 6 months June 1986 and 6 months June 1985. Rows include Turnover, Operating profit, Pre-tax profit, Net profit, and Continuing Business figures.

reflecting an improved margin on sales of 6.5 per cent (5.7 per cent in 1985) and a reduction in corporate costs.

to ensure the longer term future of the company "the group ended the 1985 year £11.4m in the red pre-tax."

The directors said that ICL experienced strong growth in demand for its mainframe systems products, particularly the new Series 99 launched last year...

Shell Oil in US deal with Phillips

By Lucy Kellway

Shell Oil, the US subsidiary of Royal Dutch Shell, has agreed to buy an assortment of Californian oil interests from Phillips Petroleum...

The deal will conclude Phillips' heavy programme of asset sales which has raised a total of \$2bn to the past few months.

Raymond Snoddy looks at the forthcoming flotation of Yorkshire TV Fox goes in search of bulls

Yorkshire Television is the smallest of the big five independent television network production companies and it faces an uphill struggle to hold on to its share of advertising revenue...



Mr Paul Fox, managing director of YTV and "one of the heavyweights of British TV."

"When Paul puts his head down it is like a bull charging and it takes a wall six feet thick to stop him," said one who has worked closely with him.

Yorkshire is coming to the market at a time of rising ITV advertising revenues when the two uncertainties over the possibility of advertising on the 3BC has apparently been lifted...

of the posts of managing director and director of programmes, Yorkshire is still dominated by one man. He is Mr Paul Fox...

exterior helps to make him an honorary Yorkshireman although he is from the south and still lives in Hertfordshire.

director is more pessimistic about British plans for a direct broadcasting by satellite (DBS) project which is likely to cost more than £200m.

"We are not even in the paddock," says Mr Fox whose favourite pastime, apart from watching television, is going to race meetings.

Such a simple equation has meant that Yorkshire has in the recent past had a cost per thousand of around £3.45 compared with £7.90 for Television South.

Mr Clive Leach, director of marketing and sales, has taken a stance and charged more for advertising in what he regards as a core market which has 9.5 per cent of consumer expenditure and 10.3 per cent of homes.

Bruntons interim profits fall

By David Goodhart

Bruntons, the Musselburgh-based wire and rope manufacturer facing a hostile £496m all-cash bid from Carclo Engineering Group...

Turnover for the half-year to June 29 was also down from £6.4m to £5.6m, but the company said that the recent rationalisation in wire manufacturing was likely to save £200,000 a year.

Mr Robin Duthie, the chairman, said the comment he made in the last annual report that it would be difficult to maintain the 1985 profitability in the current year still stood.

Guinness could face DTI probe over Distillers bid

By David Goodhart

Guinness should face a full investigation from the Department of Trade and Industry if it fails to keep promises made in its offer document for Distillers...

Mr Fletcher, who is also an adviser to the Argyll Group, Guinness's rival for control of Distillers, has written to Mr Michael Howard, the current consumer affairs minister...

Following the row surrounding Guinness's announcement that it planned to scrap the separate supervisory board to Greycoat Group...

Mr Fletcher said he feared that Guinness was seeking the minimum way of meeting the commitments made and urged the DTI not to accept "a fudge" particularly at this moment of rapid change in the City.

Guinness said yesterday it was taking the first steps in the revitalisation of the whisky brands acquired with Distillers by establishing a top team of advertising and market research experts to review international advertising and marketing.

Gilbert House may go private

By Charles Batchelor

Gilbert House Investments, the property investment and development group brought to the Unlisted Securities Market in June 1983...

Letta Green Estate, a company owned by family interests of Mr Turrolo Parrett, the Gilbert House chairman, yesterday announced plans to make an offer for the outstanding 19.98 per cent of the company.

When Gilbert House placed 2.67m 10p shares on the USM three years ago they were priced at 17p each. The shares rose 2p to 15p yesterday.

Ship Canal cuts losses midway

The Manchester Ship Canal Company, which is fighting a takeover bid from Highams, the private Oldham-based industrial textiles group...

There was a profit of £2.02m (208,000 loss) on ordinary activities, before exceptional items, on turnover that rose from £10.4m to £11.4m.

down from 50.2p to 22.2p. The company pointed out that its interim operating profit was almost as much as was achieved during the last full year.

"The severance payments of over £2.7m inevitably depressed the figures but as a result we have been able to reduce staff numbers by 20 per cent, which will produce significant savings in the second half. There are no significant severance costs foreseen in the second half of

the year, or thereafter," he added. The asset value of its property interests had increased by 19 per cent this year, bringing the total value to more than £30m.

Highams, which sent its offer document to shareholders at the weekend, claimed that MSCC's present policies were "vague and outdated."

VIKING RESOURCES INTERNATIONAL NV. INFO Pierson Holding & Pierson N.V. Herengracht 214, Amsterdam. LADBROKE INDEX 1,264,1270 (-12) Based on FT Index Tel: 01-427 4411

Svenska Handelsbanken USS 100,000,000 12 1/2 % Notes 1989. NOTICE IS HEREBY GIVEN that pursuant to Condition 4(b) of the Notes, USS 1,505,000 principal amount of the Notes has been drawn for redemption on 5th September 1986...

SCANTRONIC HOLDINGS PLC. Authorised SHARE CAPITAL. Issued and being issued, fully paid. 1,750,000 Ordinary shares of 10p each 5.75 per cent. Convertible Cumulative Redeemable Preference shares of £1 each 2,970,598 4,069,818

ÖSTGOTABANKEN. SUBORDINATED FLOATING RATE NOTES. DUE 1990. For the six months 6th August 1986 to 6th February 1987 each Note will carry an Interest Rate of 6 1/2% per annum and a Coupon amounting to US\$34.50

UK COMPANY NEWS

Haden may seek a stock market listing in the US

BY CHARLES BACHELOR

Haden, the engineering group which was bought out by its management a year ago, expects to seek a stock market listing, probably in the US, within the next few months following the sale of its building services division to BICC for \$44m.

A British company with most of our backers in Britain our natural reflex is to seek a London listing. Personally I think it will be in the US, possibly on their over-the-counter market.

Mr Philip Ling, Haden's managing director, said: "The sale to BICC leaves us in a strong position with the backers of the buy-out sitting on a substantial profit which we will probably realise by taking the remaining group public."

Berry Trust hits out at Ensign offer

BY TERRY GARRETT

Mr Jamie Berry, a director of beleaguered Berry Trust, described Ensign Trust's offer document in pursuit of its \$85m bid as "an invitation to a blind date."

Mr Geoffrey Musson of Ensign was uncompromising yesterday declaring that "if Ensign's bid is a blind date so is an investment in any trust or share. Only gilt-edged stocks are not blind dates."

McCorquodale sale makes £5m

BY DAVID GOODHART

McCorquodale, the printing and packaging group, has made some £5m from the sale of its 25 per cent stake in the Dealer's Digest, the New York financial publishing company which is being acquired by Eitel for \$40m.

In October, McCorquodale may face a revival of the \$10m bid for it from Newton Open, the fast growing but far smaller printing company. The original bid was referred to the Monopolies Commission in April, mainly on the grounds of a combined market share in personal cheque printing of 45 per cent.

still owned R S Means—another data-base publishing group in the US—and had just spent \$2m buying a 25 per cent stake in ATR Reports Inc. It is also seeking further acquisitions in this market.

Peel's move out of town helps profits soar 62%

Peel Holdings, the edge-of-town superstore and retail park property specialist, yesterday announced figures for the year to March 31 1986, showing a 62 per cent increase in taxable profits to £3.36m and a 25 per cent jump in asset value per share to 425p.

retail property portfolio will total 1.84m sq ft. In addition there will be 44 sites where offers have been made and a further 200 sites under investigation.

COMPANY NEWS IN BRIEF

BARRIE INVESTMENTS & FINANCE is recommending shareholders to accept an offer of £2.05m for the company's property at 187/211 St John Street, London, EC. At an auction last June the highest bid for the property was £1.35m.

JAMES CROPPER, paper manufacturer, had performed to target on profit, volume and turnover in the first quarter, the chairman told the AGM. The second quarter had started well and with the order book full for August and September the immediate prospects looked good.

ERSKINE HOUSE GROUP has completed the acquisition of Trent Copiers, which is based in Derby and distributes and services copiers. The maximum consideration payable is £135,000, of which £85,000 was paid on completion, provided the 1986 pre-tax profits of Trent exceed £250,000 and net assets reach £10,000.

W. S. YEATES, the diversified trading group, reached agreement with Mr Harry Goodman to purchase the HS 125 operating division of Marine and Aviation Management. International, the Heathrow based executive jet charter operator.

HODGSON HOLDINGS has agreed terms for the acquisition of Cooke Funeral Service of Chesham, Buckinghamshire, and Malcolm Jones Funeral Service, of Berkhamstead, Hertfordshire. The joint consideration is £300,000.

FALCON INDUSTRIES is unable to pay the dividend on the preference shares due on July 1 1986. Directors of this holding company will interests in building, tools and engineering, said that the situation would be resolved following the proposed capital restructuring but dividend rights fell into arrears after July 31.

NORDIC INVESTMENT Trust showed a net profit of £239,778 in its first full accounting period, March 19, 1985, to May 31, 1986. Earnings were 1.72p per share and the dividend 0.2p.

DWYER & CO'S £3.35m purchase of four properties from British Land will be part financed by the issue of 2,875m ordinary shares, to cover the initial payment of £1.44m, of which £.675m will be placed on behalf of British Land at 50p each. The mortgage of £3.91m held by British Land will be on an interest-only basis for three years at an annual rate of LIBOR plus bank reserve costs and 2 1/2 per cent. Dwyer is issuing a further 525,000 shares of which 131,250 will be offered to the market at 50p or its equivalent, to cover acquisition costs and provide working capital.

CELTIC HAVEN is to acquire West Investments, a private holding company. Consideration comprises the initial issue of 1.7m Celtic shares at 60p each and further issues may be made up to a maximum total of 5m dependent on West's profits for the period to March 31 1987.

FORMINSTER, maker of outerwear clothing, has purchased 2.5m of its ordinary shares at 200p for cancellation. The purchase represents some 0.07 per cent and leaves 3,835,744 shares in issue.

SCAPA GROUP has increased its stake in Spanish industrial company, Textil Guisona, from 16.5 per cent to 98 per cent, at a total cost of £1.7m. In 1985, Textil Guisona earned after-tax profits of £370,000, and at December 31 1985 had a net book value of £2.15m.

MALAYAN CEMENT Berhad, a subsidiary of Blue Circle Industries, reports taxable profits of M\$11.985m (£3.02m), against M\$18.3m, for the six months of 1986. Turnover was \$99.77m (\$120.01m).

BOOKER has sold its convenience stores, Zipin and John Quality, to Circle K (UK) for £2.5m plus three undeveloped sites and 14 trading units are involved.

LEIGH INTERESTS has sold the share holdings of Church and Co. (Fittings) to Shopfitters (Lancs) Holdings for an aggregate consideration of £281,000. Church will repay an inter-company loan of £588,192 to Leigh over five years. The factory premises, currently occupied by Church, at South Marston, Swindon, will be leased by Leigh to Church.

NOLTON was contracted to acquire Executive Services, Executive Services (London) and Executive Services (Midlands) in separate deals. The initial aggregate consideration is £595,000 to be satisfied by the issue of 1.37m shares—arrangements have been made for £2.5m to be placed at 43.5p. Depending on profits, additional consideration could be made. The companies being acquired provide personnel services mainly to the health care sector.

CADBURY SCHWEPPE'S acquisition of Canvermore is not to be referred to the Monopolies Commission.

STANDARD CHARTERED Bank's Kenyan operations showed a profit of 73.2m Kenya Shillings (£3m) for the six months to June 30 1986 compared with 37.3m Kenya Shillings last time.

BOARD MEETINGS TODAY Interim: British Alcan Aluminium, Cannon Street Investments, Glynned International, Kennedy Brooks, Pacer Systems, Plasurama. Final: Otago Foods, Hembury Currency Fund, Emerg Jones (Jawlem), Midland Investments, Unitech.

Completion has taken place of the sale of the issued share capital of: Godfrey's (Properties and Flats) Limited to Asda Property Holdings plc for a basic consideration of £1,500,000. The shareholders of Godfrey's were advised by PARMENTIER-ARTHUR FINANCIAL AND VALUATION SERVICES LIMITED 7 The Waits, St. Ives, Huntingdon, Cambs. Telephone: (0480) 65522 Parmentier-Arthur specialise in the valuation of non-quoted shares

Table with columns for company name, date, and time. Includes entries for British Alcan Aluminium, Cannon Street Investments, Glynned International, Kennedy Brooks, Pacer Systems, Plasurama, Otago Foods, Hembury Currency Fund, Emerg Jones (Jawlem), Midland Investments, Unitech, and others.

FINANCIAL TIMES KEY ISSUE BRIEFS Forget new issues. Here's a financial sector that's grown 1000% in 5 years.

The management buy-out. Probably the most important new trend in corporate management and finance since Slater met Walker. Why? Management buy-outs are now a billion pound industry. A solution to the new demands for specialisation and concentration of expertise. A solution to the unwanted takeover bid. A reflection of the new awareness of the importance of management. Management take the lead. And the banks are backing them. This new study by the Financial Times Business Information Research Unit looks at the key issues: why, where, who and how. Examining case histories since 1980, this study looks at who has done what, and how it was financed. "Who's Bought Whom - Major Management Buyouts in the 1980s" is an essential part of any manager's bookshelf. Available now. For just £55.00. Place your order today.

Form for ordering the book 'Who's Bought Whom - Major Management Buyouts in the 1980s'. Includes fields for name, position, organization, address, country, and date. Also includes a section for FT Key Issue Briefs - Priority Order Form.

General Electric Credit Corporation advertisement. Includes logo, text: 'We are pleased to announce the formation of IGE CREDIT CORPORATION LIMITED U.S.A.', and contact information for Peter Schneider, Managing Director, at Shortlands Hammersmith London W6 8BX. Tel: (01) 741 9900 Fax: (01) 741 8580.

Outstanding 5 Year Record Crescent Japan Investment Trust plc. Includes text: 'Edinburgh Fund Managers plc the independent investment managers to the £88.8m Crescent Japan Investment Trust are pleased to announce the unaudited results for the 6 months to 30.6.86.', a table showing net asset value per share up 46.7% to 306.85, and a table showing portfolio distribution: Japanese equities 98.0%, Yen 2.0%, 100.0%.

FINANCIERE AGACHE advertisement. Includes logo, text: 'CONSOLIDATED NET PROFIT 1985: FF635 MILLION', and a detailed summary of the company's financial performance and restructuring efforts for 1985 and 1986.

UK COMPANY NEWS

Unprofitable contracts hit Rush & Tompkins

Rush & Tompkins, the property investment, building and civil engineering group, reported pre-tax profits of £2.74m for the 15 months to March 31, 1986, compared with £3.05m for the previous year. On an annualised basis, the result was virtually unchanged. The company said the performance was disappointing and mainly reflected historically unprofitable contracts in the construction division. These contracts were now completed and plans for improv-

ing the division's profitability were being implemented. Turnover for the 15 months was £184.34m (£117.8m for year) — an annualised increase of 25 per cent.

But reflecting a higher tax charge, net profits for the 15 months dropped to £2.26m (£2.56m for year) and stated earnings per 25p share were lower at 14.6p (22.6p). The final dividend however, is 2.2p net for a 15 months total of 10.65p, compared with 7.65p in the previous year.

Net assets per share showed a decline to 544p as at March 31, 1986, against 577p at the end of 1984.

The company said its new management team was now firmly established and plans for a resumption in growth of earnings and net assets, combined with a reduction in borrowings, were being implemented.

At the 12 months stage, the group announced pre-tax profits of £3.16m.

Irish Sugar

Irish Sugar, Dublin-based sugar manufacturer and food processor, reported a jump in pre-tax profits from £539,000 to £1,688,000 (£1.59m) in the six months to end-March 1986. The company said the results for the full year were expected to show an improvement on last year. However, they would not represent a commercial return on investment.

Commercial Bank rises to £0.5m

Despite considerable fluctuations in exchange rates, the Commercial Bank of the Near East lifted its pre-tax profit from £417,000 to £497,000 in the half year ended June 30 1986.

And the directors said they hoped that the same trend in profits would be reflected in the

full year. For 1986 the profit was £704,000, and the dividend 30p.

Main currencies in which the bank's chief customers operate are sterling, the US dollar and the Drachma.

Gross income for the half year was £1.51m (£1.27m). Tax charged came to £187,000 (£176,000).

PHH Intl. earnings up 75%

PHH International, the UK subsidiary of PHH Group, of the US reported a 75 per cent jump in earnings for the year ended March 31, 1986, largely due to the expansion of its fleet management and all star petrol card operations in the UK.

PHH International's turnover grew 66 per cent to £264m (£219m), of which its all star fuel card operation accounted for £259m (£166m). After-tax profits increased from £1.2m to £2.1m.

Net worth more than doubled to £14m, supported by an additional equity investment of £5m by the US parent company.

PHH's fixed assets showed a 35 per cent growth to £50m and included its acquisition for £2.3m of freehold land for the construction of the company's new headquarters in Swindon.

The company said that 1987 prospects looked good based on first quarter volume growth which had been stimulated by the launch of new products, including two new all star charge cards.

CONTRACTS

Beer to ballast for British Rail

British Railways Board has placed contracts worth over £14m with 16 private sector companies. They are STC Telecommunications (£2.2m) for pulse code modulation transmission systems; Redland Aggregates (£1.7m) for track ballast; Westinghouse Signals (£1.57m) for supply and installation of colour light signalling between Farnside and Angering; IBM (UK) (£1.2m) for micro-computers; GEC Transmission and Distribution Projects (£1m) for 25 Kv switchgear for East Coast main line electrification; J. Murphy and Son (£1m) for construction of an under-bridge at Painters Lane, near Waltham Cross; Henry Telfer and Trust House Forte in Flight Services (£2m shared) for packaged fresh sandwiches; Aylesbury Frozen Foods (£1.2m) for frozen beef patties; and Scottish and Newcastle Breweries, Bass, Carlsberg Brewery, C. Ruddle and Co. Courage Brewing, Whitbread and Co. and Watney Mann and Truman Brewery (£3.18m shared) for canned beers and lagers.

missioners. A £550,000 contract at Ind Goopie's Burton brewery is for heating and ventilation to a new kagging hall and warehouse, together with cooling to cask stores and control rooms.

R. J. MAXWELL AND SON has won a £2m contract from the UK Property Services Agency for resurfacing the main runway and southern taxiway at RAF Kemble in Gloucestershire. Work will involve supplying and laying 100,000 sq metres of 40mm asphalt wearing course, supplying and relaying 30mm friction course and other ancillary civil engineering works.

The M and E division of Trafalgar House has secured mechanical and electrical services contracts totalling over £2m for projects in the north of England and at London's Heathrow airport. Largest of the contracts is for the refurbishment of mechanical and electrical services to factory premises at Birtley, Co Durham, for the Japanese earth-mover equipment manufacturer, Hitachi. The work entrusted to the northern division of YOUNG AUSTEN AND YOUNG includes initial inspection and report on existing M and E Services, followed by design and installation of updated equipment.

In central Manchester, the company will be installing mechanical, electrical, plumbing and fire protection services in an office block development. At the Holiday Inn, Heathrow Airport, YAY is undertaking a major refurbishment contract.

At the Wigam Market Square development, Lancashire, the Fireworks Division is installing automatic sprinkler and fire detection and protection systems for a retail area of 12,000 sq m including three shops, 75 shop units and eight kiosks and a 5,050 sq metre market hall for both food and durable goods traders.

CEGB BARNWOOD, the Gloucester-based generation development and construction company, has won two contracts together worth more than £600,000 to provide power station consultancy services to the Electricity Authority of Cyprus. Under the first contract, worth £513,000, a team from Barnwood will carry out a number of project management and engineering and site supervision services over three years for the addition of a 60 MW oil-fired generating unit to the Lefkonia B power station. The second contract, worth £84,000, consists of a feasibility

Hi-tech in the villages

More than 180 villages throughout the UK are scheduled to get high-technology digital-electronic telephone exchanges, under an order worth about £7m placed by British Telecom. These exchanges provide communication facilities to groups of up to 300 or 600 customers. The order, placed with GEC TELECOMMUNICATIONS for deliveries in 1987-89, brings the total of UK exchanges ordered by British Telecom to nearly 600, at a total cost approaching £40m, of which 170 are in operation, serving about 25,000 customers.

HADEN YOUNG has been awarded five orders worth £1.8m for air conditioning, mechanical and electrical contract at Sapphire Plaza, Reading, has been awarded by Sunley Projects on behalf of St. Michaels Property Investments, and Higgs and Hill has placed a £700,000 order for refurbishment of the mechanical and electrical services at UAC, Epsom, Surrey. Rd. London. Phases III and IV of the upgrading of engineering services at Queen Elizabeth Medical Centre, Birmingham, for the West Midlands Region Health Authority, are worth £1.18m, and another refurbishment project, costing £370,000, is at Albany Terrace, London, for Laidlaw Manufacturing Contracting on behalf of Crown Estate Com-

£18m orders for Monk

Building and civil engineering work valued at over £17m has recently been awarded to A. MONK. The housing division is developing a site at St Gilberts Rd, Bourne, for 96 detached bungalows valued at £3.5m. Residential works contracts valued at £3m include 3 km of single carriage-way for Devon County Council between Bovey Tracey and Newton Abbot, involving the construction of two reinforced concrete bridges.

Work for British Rail totals £395,000 and includes a bridge at Ackington Station in Northumberland; the construction of a connecting line between Holmes Junction and Rotherham Station and construction of a civil engineering depot at Newcastle upon Tyne.

New building work includes factory units for English Industrial Estates Corporation at Hartlepool valued at £336,000 and a children's hospice and separate sisters' home at Boston Spa, valued at £334,370. The hospice to be known as Martin House, will be the second children's hospice to be built in western Europe.

Refurbishment work valued at £2.7m includes rehabilitation of houses for the Rhombuda Borough Council, refurbishing of a mill and adjoining house at the Thwaite Mills industrial museum.

improvements to sports club at Warrington. In projects to quality control building at Moberley for Iford, and the maintenance of Crown buildings and other establishments for the Property Services Agency in Durham and Cleveland.

Sewer work totalling £899,000 is being carried out in a number of locations with three of the contracts using the Ferro-Monk lining system. Clients include the Southern Water Authority, Portsmouth, Manchester and Liverpool City Councils and Shell UK at Stanlow.

FEC has awarded Monk a £1.2m contract for building and civil engineering work in connection with a Prochloraz plant at Widnes. Monktrade Engineering, a division of Monk, has won contracts totalling £900,000. Two of these contracts are for the design, fabrication and testing of access platforms for oil and gas rigs in Norway and a further contract is for the restoration of the Syn Great Dome at Syn Park in Brentford.



ALLOW US TO PRESENT OUR CREDENTIALS.

State Street is pleased to introduce our complete range of custodian and portfolio recordkeeping services for institutional investors in the United Kingdom. That's how we define Master Trust. And now U.K. pension funds and other financial institutions can enjoy the same quality service our other clients have long enjoyed. State Street can handle all your recordkeeping chores, no matter where your investments are located throughout the world. Over the years, we have earned a reputation for prompt, accurate reporting and flawless attention to detail. And we offer all our clients unsurpassed customer service, backed by the latest technology. State Street comes to the United Kingdom with strong references. With more than \$350 billion in assets presently under our care we are one of the world's largest custodians.

We process over 700 mutual funds and care for 40% of the industry's total assets. And we are master trustee of over \$90 billion in U.S. pension funds. Our Global Custody Service offers direct access for customers wishing to invest in international markets. From Sydney to Copenhagen, Paris to Tokyo, we can provide you with securities settlement and income collection. So if you need superior custodian service for your investments, perhaps you should consider State Street. Our credentials speak for themselves. For more information, please contact Michael Langhin, 1213 Nicholas Lane, London EC4N 7BN England, Telephone: 01-293 4931. State Street Bank and Trust Company. Known for quality.

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study for the construction of a coal-fired power station at Vastiko. Part of the work—selecting a site along a 10 km stretch of the coast—has been completed. Further studies include coal sourcing, transmission stability, and a financial and economic evaluation, together with an outline engineering concept.

£20m to keep pipework cold

CAPE CONTRACTS INTERNATIONAL, a subsidiary of Cape Industries, has won a contract expected to be worth £20m in value in conjunction with local contractors Clough Engineering & IPC on the N Walsh Export LNG Project in Western Australia. The primary insulation material will comprise polyisocyanurate foam which Cape will manufacture locally. A labour force of up to 200 insulators will be employed over a three-year period to apply the insulation and clad the pipework and vessels on site at Karratha, some 900 miles North of Perth. The contract represents the culmination of extensive negotiations involving owners Woodside Offshore Petroleum and main contractor Kellogg/JGC/Raymond and is believed to be one of the largest insulation contracts awarded.

R. DUFTNELL AND SONS has been awarded a variety of contracts totalling nearly £3.5m for refurbishment, new build, repair, maintenance and minor works. The major contract is a 65 test-raced horse development at Sandmere Kepler Roads for the London Borough of Lambeth worth £2m. Construction work is in progress at the USAF Air Base, Greenham Common, to provide canteen facilities.

Work has also begun on a health centre at Thurston Heath for the South West Thames Regional Health Authority on what was formerly a Croxson Corporation depot (£700,000). The special works division has won a variety of smaller contracts totalling some £300,000, ranging from house repairs to the biggest contract in extension/minor alterations and repairs.

Capital & Counties, who purchased the Weston Favell Centre from the Northampton Development Corporation in November 1984, has awarded a £1.1m building contract to W. S. TAY for remodelling part of the centre. The project will provide four additional large shop units at the northern end of the centre, in an area previously occupied by a furniture store and part of the Tesco supermarket. The existing ramps and staircase in the north which were built to accommodate additional trading blocks and an exhibition area. The contract period is six months but it is anticipated most of the work will be finished before Christmas.

Testing Fords and Jaguars

SCHENCK, Bicester, has won orders from Ford and Jaguar worth almost £10m. For Jaguar, Schenck will supply an automated engine testing facility for testing the total output of V16 and A16 engines. Valued at some £7.5m, the order is thought to be the biggest ever placed in Europe for this equipment. At Ford, Schenck has won a turn-key contract worth over £2m to supply a computer-controlled test facility for the new Ford Laser engine. The company is the wholly-owned UK subsidiary of Carl Schenck, Darmstadt.

CSR LIMITED

(the "Company")  
(Incorporated in the State of New South Wales with limited liability)

**NOTICE**  
to the holders of the outstanding  
**A\$129,200,000 OPTION BONDS, 1992**  
(partly paid on issue)  
of the Company  
(the "Option Bonds")

NOTICE IS HEREBY GIVEN to the holders of the Option Bonds (the "Bondholders") pursuant to Clause 7 of the Trust Deed dated 19th December, 1985 between the Company and The Law Debenture Trust Corporation p.l.c. constituting the Option Bonds (the "Trust Deed") that—

- (1) on 16th June, 1986, the Company announced a proposed placement of up to 30 million Ordinary Shares at a price of A\$3.00 per Ordinary Share which placement was approved by the shareholders of the Company at the Company's Annual General Meeting held in Sydney on 16th July, 1986 and accordingly be implemented between 16th July, 1986 and 18th August, 1986, although, as subsequently announced by the Company on 23rd July, 1986, the number of Ordinary Shares to be issued thereunder has been reduced to 50 million;
- (2) on 9th July, 1986, the Company announced (a) a rights issue to all shareholders and convertible noteholders registered on 18th August, 1986 of one Ordinary Share for every ten Ordinary Shares and Convertible Notes then held at a price of A\$2.50 per Ordinary Share, of which A\$1.00 will be payable on application and the balance between 30th September, 1986 and 30th September, 1991, such rights issue to be open for acceptance between 18th August, 1986 and 15th September, 1986 and (b) that the one-for-ten renounceable issue of options to subscribe for Ordinary Shares announced by it on 16th June, 1986 had been withdrawn.

Bondholders are advised that both the placement and the rights issue of Ordinary Shares give rise to adjustments to the Specified Number (as defined in the Trust Deed) of Ordinary Shares to be issued on conversion of each Option Bond pursuant to Clause 7 of the Trust Deed.

The adjustment in respect of the placement became effective on 18th June, 1986, although the amount of such adjustment will not be known until after 18th August. The adjustment in respect of the rights issue will become effective on 18th August, 1986.

Any Bondholder exercising his right of conversion during the period from 18th June, 1986 to 18th August, 1986 (both inclusive) will be entitled to an increased number of Ordinary Shares after 18th August, 1986 to reflect the adjustment in respect of the placement. He will also be entitled to participate in the rights issue on the basis of that increased number of Ordinary Shares, although, for the reason indicated above, his precise entitlement will not be known until after the expiry of that period. Any such Bondholder will not be entitled to the further adjustment to the Specified Number in respect of the rights issue.

A further notice to Bondholders will be published between 18th August, 1986 and 1st September, 1986 informing Bondholders of the Specified Number as adjusted in respect of both the placement and the rights issue.

CSR LIMITED  
By its attorneys  
B. N. Keiman  
E. F. Herbert  
Dated 5th August, 1986

**The BSS Group PLC**  
(formerly The British Steam Specialties Group PLC)

Years ended 31st March	1986 £000	1985 £000	% Increase
Turnover	76,613	66,278	15.6
Profit before taxation	5,615	3,713	51.2
Profit after taxation	3,506	2,013	74.2
Dividends	1,113	893	24.6
Earnings per share	24.50p	14.20p	72.5
Dividends per share	7.75p	6.25p	24.0

Suppliers of heating, pipeline, flow control and powder-technology equipment

**BSS**

In his statement contained in the Annual Report and Accounts the Chairman, Mr. I. H. Phillips, said that the Group is aiming for usefully higher figures to report next year.

A resolution to change the company name from The British Steam Specialties Group PLC to The BSS Group PLC was passed unanimously at the AGM on 31st July.

For a copy of the Annual Report and Accounts please write to the Company Secretary, The BSS Group PLC, Fleet House, Lee Circle, Leicester LE1 3QQ.

NOTICE OF PREPAYMENT

**Caisse Centrale de Cooperation Economique**

100,000,000 United States Dollars  
Annual Option Notes due 1993

In accordance with paragraph "Redemption" of the terms and conditions of the Notes, notice is hereby given that Caisse Centrale de Cooperation Economique will prepay at par on the Interest Payment Date falling on September 8, 1986 the total amount remaining outstanding of the above-mentioned Notes (i.e. US\$78,810,000).

Payment of interest due on September 8, 1986 and reimbursement of principal will be made in accordance with the terms and conditions of the Notes.

Interest will cease to accrue on Notes as from September 8, 1986.

Luxembourg, August 5, 1986

The Fiscal Agent  
**KREDIETBANK**  
S.A. LUXEMBOURGEOISE

**Grindlays Eurofinance B.V.**  
U.S.\$100,000,000  
Guaranteed Floating Rate Notes 1994  
Guaranteed on a subordinated basis by

**Grindlays Bank p.l.c.**

In accordance with the provisions of the Notes, notice is hereby given that for the interest period 4 August 1986 to 4 February 1987 the Notes will bear an interest rate of 6% p.a. per annum.

The interest payable on the relevant interest Payment Date, 4 February 1987 against Coupon No. 5 will be U.S.\$ 338.61

Agent Bank  
**ANZ Merchant Bank Limited**  
formerly Grindlay Brands Limited

EQUITIES

Table of equity unit trusts with columns for Name, Date, Price, and % Change. Includes titles like 'Aberdeen Income' and 'Aberdeen Growth'.

FIXED INTEREST STOCKS

Table of fixed interest unit trusts with columns for Name, Date, Price, and % Change. Includes titles like 'Aberdeen Income' and 'Aberdeen Growth'.

'RIGHTS' OFFERS

Table of rights offers for various unit trusts, including details on share prices and offer amounts.

FT CROSSWORD PUZZLE No. 6091

Crossword puzzle grid with clues for Across and Down. Includes a solution key at the bottom.

AUTHORISED UNIT TRUSTS

Large table listing authorized unit trusts, categorized by type (e.g., Equity, Fixed Interest, Property). Includes columns for Name, Date, Price, and % Change.

Large table listing authorized unit trusts, categorized by type (e.g., Equity, Fixed Interest, Property). Includes columns for Name, Date, Price, and % Change.

Additional crossword puzzle clues and solutions, including a 'DOWN' section.

AUTHORISED UNIT TRUSTS & INSURANCES

Main table containing financial data for various unit trusts and insurance policies, including columns for company names, fund names, and numerical values.

INSURANCES

Table listing various insurance companies and their policies, including details like policy numbers and terms.

Handwritten signature or mark at the bottom center of the page.



INSURANCE, OVERSEAS & MONEY FUNDS

Table of insurance and overseas funds, including columns for fund names, managers, and performance metrics.

Table of money funds, including columns for fund names, managers, and performance metrics.

Table of money funds, including columns for fund names, managers, and performance metrics.

Table of money funds, including columns for fund names, managers, and performance metrics.

Money Market

Table of money market instruments, including columns for instrument names and values.

Bank Accounts

Table of bank accounts, including columns for bank names and account details.

Traditional Options

Table of traditional options, including columns for option names and values.

3-month call rates

Table of 3-month call rates, including columns for instrument names and values.

Notes

Notes section providing additional information and disclaimers regarding the data presented.

Additional Information

Additional information section providing further details and contact information.

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COMMODITIES AND AGRICULTURE

China watches US subsidy debate

By Robert Thomson in Peking CHINA'S appetite for sheep grain has been whetted by the US decision last week to subsidise wheat sales to the Soviet Union.

Officials in Peking say that China is unlikely to do Canada, Argentina or Australia any financial favours if US exports are offered at prices that undercut those traditional suppliers.

A full expansion of the US Export Enhancement Programme to cover China was ruled out by the White House last Friday, but domestic political pressure continues in America for further action to boost exports.

Rain comes too late for many US farmers

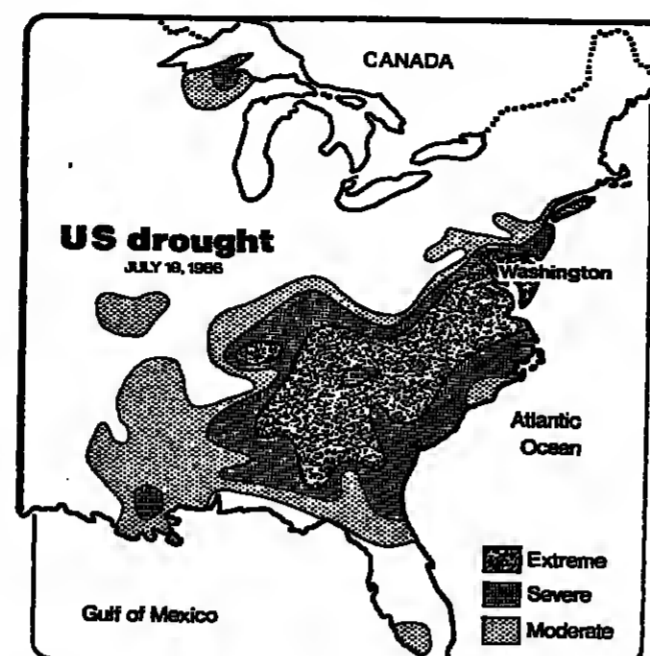
BY NANCY DUNNE IN WASHINGTON

RAIN cooled parts of the sizzling south-east US over the weekend, but for many American farmers, relief from the drought will have come too late to save their crops, livestock, and perhaps even their lives.

The same can be said for the emergency drought assistance scheme announced last Friday by Mr Richard Lyng, the US Agriculture Secretary.

Many bankers told their farmers they would carry them one more year just to see if the 1985 farm bill would boost exports, said Mr Jeff Shipp, director of governmental relations for the American Farm Bureau Association.

However, even more serious consideration will be given to price controls as China has been plagued by a large trade deficit and is looking for every possible means of cutting import costs.



those farmers that signed up for government price support programmes will be eligible for these advance deficiency payments.

The limited help provided by the government is being supplemented by an unprecedented, massive private effort. Thousands of tonnes of hay cut by farmers in 39 states have been sent into the drought area cost free.

Although scattered showers eased the spreading drought area in the last week, crops in parts of the south are still under stress—particularly the soybeans.

LONDON MARKETS

ZINC PRICES dropped sharply in late trading on the London Metal Exchange yesterday as a burst of commodity house selling met little buying interest.

INDICES

REUTERS Aug 4, Aug 10th 1986 ago Year ago 1448.21449.6 1432.5 1099.9 (Base: September 18 1931=100)

OL MARKET

OL MARKET enjoyed a strong rally in both the crude and products, reports Holm.

GRAPES JUICE 15,000 lbs. cents/lb

Table with columns: Month, Close, High, Low, Prev. Rows for Sept, Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun.

ALUMINIUM

Table with columns: Grade, Unofficial +/- or High/Low. Rows for Cash, 3 months, 6 months.

COFFEE

Table with columns: Grade, Unofficial +/- or High/Low. Rows for Cash, 3 months, 6 months.

NEW YORK

Table with columns: Month, Close, High, Low, Prev. Rows for Aug, Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun.

CHICAGO

Table with columns: Month, Close, High, Low, Prev. Rows for Aug, Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun.

COPPER

Table with columns: Grade, Unofficial +/- or High/Low. Rows for Cash, 3 months, 6 months.

COCOA

Table with columns: Grade, Unofficial +/- or High/Low. Rows for Cash, 3 months, 6 months.

CRUDE OIL

Table with columns: Grade, Unofficial +/- or High/Low. Rows for Cash, 3 months, 6 months.

PORK BELT

Table with columns: Month, Close, High, Low, Prev. Rows for Aug, Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun.

LEAD

Table with columns: Grade, Unofficial +/- or High/Low. Rows for Cash, 3 months, 6 months.

NICKEL

Table with columns: Grade, Unofficial +/- or High/Low. Rows for Cash, 3 months, 6 months.

COFFEE

Table with columns: Grade, Unofficial +/- or High/Low. Rows for Cash, 3 months, 6 months.

SOYABEAN MEAL

Table with columns: Grade, Unofficial +/- or High/Low. Rows for Cash, 3 months, 6 months.

TIN

Table with columns: Grade, Unofficial +/- or High/Low. Rows for Cash, 3 months, 6 months.

ZINC

Table with columns: Grade, Unofficial +/- or High/Low. Rows for Cash, 3 months, 6 months.

GOLD

Table with columns: Grade, Unofficial +/- or High/Low. Rows for Cash, 3 months, 6 months.

RUBBER

Table with columns: Grade, Unofficial +/- or High/Low. Rows for Cash, 3 months, 6 months.

SILVER

Table with columns: Grade, Unofficial +/- or High/Low. Rows for Cash, 3 months, 6 months.

GRAINS

Table with columns: Grade, Unofficial +/- or High/Low. Rows for Cash, 3 months, 6 months.

WHEAT

Table with columns: Grade, Unofficial +/- or High/Low. Rows for Cash, 3 months, 6 months.

SOYABEAN

Table with columns: Grade, Unofficial +/- or High/Low. Rows for Cash, 3 months, 6 months.

When sheepfarmers gather...



By John Cherrington

THE BIENNIAL national sheep event held last week at the three counties showground at Malvern is becoming increasingly popular.

In dress they are remarkably uniform, green anoraks and wellies, tweed hats and the occasional long walking stick used not as a crook but to lean on when watching one's sheep or talking.

The picture of a difficult spring is borne out by the slaughter figures for lambs for the first six months of 1986, which showed a drop of nearly 15 per cent on the same period last year.

The sheep event is not a show as such, although there were examples of the many breeds and crosses now available to farmers.

Why, they asked me, do you not breed your rams pure inbred? They asked me, do you not breed your ewes pure inbred? They asked me, do you not breed your ewes pure inbred?

A good question, but I am not going to tell our competitors why. Let them find out the hard way, as we had to.



BRITISH FUNDS

Table of British Funds including columns for Name, Price, Dividend, and Yield. Includes sub-sections for 'Shorts' (Lives up to Five Years) and 'Five to Fifteen Years'.

Over Fifteen Years

Table of funds categorized as 'Over Fifteen Years' with columns for Name, Price, Dividend, and Yield.

Index-Linked

Table of Index-Linked funds with columns for Name, Price, Dividend, and Yield.

INT. BANK AND OSEAS GOVT STERLING ISSUES

Table of International Bank and Overseas Government Sterling issues with columns for Name, Price, Dividend, and Yield.

CORPORATION LOANS

Table of Corporation Loans with columns for Name, Price, Dividend, and Yield.

COMMONWEALTH & AFRICAN BONDS

Table of Commonwealth and African Bonds with columns for Name, Price, Dividend, and Yield.

LOANS

Table of Loans with columns for Name, Price, Dividend, and Yield.

Public Board and Ind.

Table of Public Board and Industrial stocks with columns for Name, Price, Dividend, and Yield.

FOREIGN BONDS & RAILS

Table of Foreign Bonds and Rails with columns for Name, Price, Dividend, and Yield.

AMERICAN

Table of American stocks with columns for Name, Price, Dividend, and Yield.

AMERICANS-Cont.

Continuation of American stocks table with columns for Name, Price, Dividend, and Yield.

CANADIANS

Table of Canadian stocks with columns for Name, Price, Dividend, and Yield.

BANKS, NP & LEASING

Table of Banks, Non-Performing Assets, and Leasing with columns for Name, Price, Dividend, and Yield.

BEERS, WINES & SPIRITS

Table of Beers, Wines, and Spirits with columns for Name, Price, Dividend, and Yield.

BUILDING, TIMBER, ROADS

Table of Building, Timber, and Roads stocks with columns for Name, Price, Dividend, and Yield.

DRAPERY & STORES

Table of Drapery and Stores stocks with columns for Name, Price, Dividend, and Yield.

CHEMICALS, PLASTICS

Table of Chemicals and Plastics stocks with columns for Name, Price, Dividend, and Yield.

FOOD, GROCERIES, ETC

Table of Food, Groceries, etc. stocks with columns for Name, Price, Dividend, and Yield.

HOTELS AND CATERERS

Table of Hotels and Caterers stocks with columns for Name, Price, Dividend, and Yield.

INDUSTRIALS (Misc.)

Miscellaneous Industrial stocks table with columns for Name, Price, Dividend, and Yield.

LONDON SHARE SERVICE

BUILDING, TIMBER, ROADS-Cont.

Continuation of Building, Timber, Roads stocks table with columns for Name, Price, Dividend, and Yield.

DRAPERY & STORES-Cont.

Continuation of Drapery and Stores stocks table with columns for Name, Price, Dividend, and Yield.

ELECTRICALS

Table of Electrical stocks with columns for Name, Price, Dividend, and Yield.

FINANCIAL

Table of Financial stocks with columns for Name, Price, Dividend, and Yield.

ENGINEERING

Table of Engineering stocks with columns for Name, Price, Dividend, and Yield.

INDUSTRIALS (Cont.)

Continuation of Industrial stocks table with columns for Name, Price, Dividend, and Yield.

ENGINEERING-Continued

Continuation of Engineering stocks table with columns for Name, Price, Dividend, and Yield.

INDUSTRIALS-Continued

Continuation of Industrial stocks table with columns for Name, Price, Dividend, and Yield.

INDUSTRIALS (Cont.)

Continuation of Industrial stocks table with columns for Name, Price, Dividend, and Yield.

INDUSTRIALS (Misc.)

Miscellaneous Industrial stocks table with columns for Name, Price, Dividend, and Yield.

INDUSTRIALS-Continued

Continuation of Industrial stocks table with columns for Name, Price, Dividend, and Yield.

INDUSTRIALS (Cont.)

Continuation of Industrial stocks table with columns for Name, Price, Dividend, and Yield.

INDUSTRIALS (Misc.)

Miscellaneous Industrial stocks table with columns for Name, Price, Dividend, and Yield.

INDUSTRIALS (Misc.)

Miscellaneous Industrial stocks table with columns for Name, Price, Dividend, and Yield.

INDUSTRIALS - Continued

Table of industrial stocks including companies like Alcan, Amstar, and various chemical and manufacturing firms. Columns include stock name, price, and other financial metrics.

LEISURE - Continued

Table of leisure and recreation stocks including companies like Sunbeam, Leisure, and various entertainment and travel firms.

PROPERTY - Continued

Table of real estate and property stocks including companies like Canadian Pacific, Real Estate, and various land development firms.

INVESTMENT TRUSTS - Cont.

Table of investment trusts including various funds and trusts such as Canadian Pacific, and various equity and income funds.

FINANCE, LAND - Cont.

Table of finance and land-related stocks including banks, insurance companies, and land development firms.

MINES - Continued

Table of mining stocks including various metal and coal mining companies like Barrick, and various precious metal miners.

MOTORS, AIRCRAFT TRAVEL

Table of motor vehicles and aircraft travel stocks including companies like Ford, GM, and various airlines.

Commercial Vehicles

Table of commercial vehicle stocks including companies like Ford, GM, and various truck manufacturers.

SHIPPING

Table of shipping stocks including companies like Canadian Pacific, and various shipping lines.

SHOES AND LEATHER

Table of shoes and leather goods stocks including companies like Canadian Pacific, and various footwear manufacturers.

SOUTH AFRICANS

Table of South African stocks including various companies listed on the Johannesburg Stock Exchange.

TEXTILES

Table of textile stocks including companies like Canadian Pacific, and various textile manufacturers.

PAPER, PRINTING, ADVERTISING

Table of paper, printing, and advertising stocks including companies like Canadian Pacific, and various media companies.

INSURANCE

Table of insurance stocks including companies like Canadian Pacific, and various insurance companies.

PROPERTY

Table of property stocks including various real estate and land development companies.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land-related stocks including various funds and trusts.

OVERSEAS TRADERS

Table of overseas trader stocks including companies like Canadian Pacific, and various international trading firms.

PLANTATIONS

Table of plantation stocks including companies like Canadian Pacific, and various agricultural and land management firms.

LONDON STOCK EXCHANGE

Markets dragged down as mood of uncertainty continues

Account Dealing Dates
Options
First Declared Last Account Dealings

The mood of uncertainty which dogged London markets towards the end of last week showed no sign of lifting yesterday.

The mounting international pressures for the imposition of economic sanctions on South Africa were another restraint.

Government stocks went lower with the sterling exchange rate. Considered lacking in scope and threatening to reach a 10 per cent yield basis unless the authorities cut the price of the long tap, the market was unresponsive in only light selling.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table with columns: EQUITY GROUPS & SUB-SECTIONS, Monday August 4 1986, FT-100 SHARE INDEX, FIXED INTEREST. Includes sub-tables for Average Gross Redemption Yields and Price Indices.

FINANCIAL TIMES STOCK INDICES
Table with columns: Group, 4th July, 7th July, 10th July, 13th July, 16th July, 19th July, 22nd July, 25th July, 28th July, 31st July, 1986, Stock Compilation.

continued to benefit from last week's preliminary statement and closed 8 higher at 406p, after a restricted market no further consideration of the annual results.

Boots sold
Boots came under selling pressure and fell 10 to 249p as bid hopes faded amid talk of a major US bid.

NEW HIGHS AND LOWS FOR 1986
NEW HIGHS (68)
AMERICANS (6) AmeriTech, Bell Atlantic, British Telecom, British Airways, British Gas, British Overseas Airways.

BASE LENDING RATES
Table listing various banks and their lending rates for different terms.

Oil majors traded quietly pending the outcome of the Opec meeting. Price movements were generally restricted to a few pence in either direction.

South African mining markets showed little appreciable reaction to the likelihood that Mrs Thatcher is prepared to impose unilateral measures against the Republic in an attempt to placate other Commonwealth leaders.

With Bank holiday influences reducing activity in overnight Sydney to a trickle, Australia rarely strayed from pre-weekend positions. Selected Golds improved, notably Central Noranda, up another 5 to 850p.

Traded Options
Demand for Traded Options remained at a relatively low ebb. Total contracts struck amounted to 1,063 comprising 6,918 calls and 4,147 puts.

EUROPEAN OPTIONS EXCHANGE
Table with columns: Series, Vol., Last, Bid, Ask, etc. for various European options.

YESTERDAY'S ACTIVE STOCKS
Table showing closing prices and changes for various stocks.

FRIDAY'S ACTIVE STOCKS
Table showing Friday's closing prices and changes for various stocks.

RISES AND FALLS YESTERDAY
Table showing price changes for various British funds and shares.

TRADITIONAL OPTIONS
Table showing details for traditional options including First Last Deal, etc.

LONDON TRADED OPTIONS
Large table with columns: Option, Calls, Puts, and various option details.

WORLD STOCK MARKETS

Table of world stock markets including Austria, Germany, Norway, Australia, and Japan. Columns include country, stock name, price, and change.

Indices

NEW YORK DOW JONES

Table showing Dow Jones Industrial Average performance from August 1 to August 4, 1986, with high and low values.

STANDARD AND POORS

Table showing Standard & Poor's 500 Index performance from August 1 to August 4, 1986.

NYSE ALL COMMON

Table showing NYSE All Common Index performance from August 1 to August 4, 1986.

NEW YORK ACTIVE STOCKS

Table listing active stocks in New York with their closing prices and changes.

NEW YORK COMPOSITE CLOSING PRICES

Table showing composite closing prices for various New York stock indices.

Table of international stock indices including Australia, Belgium/Luxembourg, Denmark, France, Germany, Hong Kong, Italy, Japan, Korea, Netherlands, Norway, Singapore, South Africa, Switzerland, Taiwan, and Thailand.

WORLD

Table showing world stock market performance with columns for country, index name, and values.

OVER-THE-COUNTER Nasdaq national market, closing prices

Table of over-the-counter stock prices from the Nasdaq national market, listing various stocks and their closing prices.

LONDON Chief price changes

Table showing chief price changes in London for various stocks and indices.

MONTREAL Closing prices August 4

Table showing closing prices for various stocks in Montreal on August 4, 1986.

Hand Delivery Service advertisement for Basel/Geneva/Lausanne/Lugano/Zurich, offering subscription copies to office locations.

Special Subscription advertisement for Financial Times Europe's Business Newspaper, offering hand-delivered copies in Germany and Austria.

Special Subscription advertisement for Financial Times Europe's Business Newspaper, offering hand-delivered copies in France.

Advertisement for Financial Times Europe's Business Newspaper, highlighting complimentary copies available to guests at SSM Hotels.

Advertisement for Financial Times Europe's Business Newspaper, featuring the headline 'World value of the pound'.

NEW YORK STOCK COMPOSITE CLOSING PRICES

Main table containing stock prices for various companies, organized in columns with headers for stock name, price, and change.

Kidder, Peabody & Co. International Investment Bankers. Founded 1865. New York • London • Paris • Geneva • Zurich • Hong Kong • Tokyo.



NYSE COMPOSITE CLOSING PRICES

Table of NYSE Composite Closing Prices. Columns include Stock, P/E, High, Low, Last, Change. Includes sub-sections for 'Continued from Page 32' and 'Continued on Page 31'.

AMEX COMPOSITE CLOSING PRICES

Table of AMEX Composite Closing Prices. Columns include Stock, P/E, High, Low, Last, Change. Includes sub-sections for 'Continued from Page 32' and 'Continued on Page 31'.

Table of Nasdaq national market closing prices. Columns include Stock, P/E, High, Low, Last, Change.

OVER-THE-COUNTER Nasdaq national market, closing prices

Table of Over-the-Counter Nasdaq national market closing prices. Columns include Stock, P/E, High, Low, Last, Change.

